

In the opinion of Ice Miller, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds (as defined herein) is exempt from income taxation in the State of Indiana. See "TAX MATTERS," and Appendix C.

\$57,260,000
INDIANA BOND BANK
TAXABLE SCHOOL SEVERANCE FUNDING BONDS, SERIES 1

Dated: Date of Delivery

Due as shown herein.

The Indiana Bond Bank Taxable School Severance Funding Bonds, Series 1 (the "Bonds") are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of \$5,000 and integral multiples thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds. Interest on the Bonds is payable on January 15 and July 15 of each year commencing January 15, 2003, and such interest, together with the principal of the Bonds, will be paid directly to DTC by Fifth Third Bank, Indiana, as trustee (the "Trustee") under a Trust Indenture dated as of April 15, 2002 (the "Indenture"), as defined and described herein, so long as DTC or its nominee is the registered owner of the Bonds. The Indiana Bond Bank (the "Bond Bank") may provide for payment of interest to any holder of Bonds in amounts aggregating \$1,000,000 or more by wire transfer or other method which is acceptable to the Trustee and the Bondholder. The final disbursement of such payments to the Beneficial Owner of the Bonds will be the responsibility of the DTC Direct Participants and the Indirect Participants, all as defined and more fully described herein under "THE BONDS - Book-Entry-Only System."



Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation upon the delivery of the Bonds. See "MUNICIPAL BOND INSURANCE."

The Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank and are issued under and secured by the Indenture, all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code Title 5, Article 1.5 (the "Act"), for the purpose of providing funds to purchase general obligations bonds (the "Qualified Obligations") of certain Indiana school corporations (the "Qualified Entities") which are authorized under Indiana law to issue the Qualified Obligations to fund existing unfunded contractual liabilities for retirement or severance payments as of June 30, 2001. The Qualified Obligations are payable by the Qualified Entities from unlimited ad valorem taxes to be collected on all taxable property within the boundaries of the Qualified Entity. The principal of and interest on the Bonds are payable from the proceeds of Qualified Obligation payments and other moneys held under the Indenture, including funds made available by the Investment Agreement, as defined and described herein. In connection with a Qualified Entity's participation in the Bond Bank's school pension bond pool program (the "Program"), each Qualified Entity will have entered into a Purchase Agreement, as defined and described herein, with the Bond Bank, pursuant to which one or more Qualified Obligations are sold to the Bond Bank.

The Bonds maturing on and after January 15, 2015 are subject to optional redemption prior to maturity on any date on and after January 15, 2012 at the face amount thereof plus accrued interest to the date of redemption.

The Bonds maturing on January 15 of the years 2010, 2015 and 2018 are subject to mandatory sinking fund redemption. See "THE BONDS - Mandatory Redemption."

The Bonds are payable solely by the Bond Bank from the revenues and other funds of the Bond Bank pledged therefore under the Indenture. Such revenues and funds include payments by the Qualified Entities on their respective Qualified Obligations ("Qualified Obligation Payments"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

THE BONDS ARE LIMITED OBLIGATIONS OF THE BOND BANK PAYABLE SOLELY OUT OF THE REVENUES AND FUNDS OF THE BOND BANK PLEDGED THEREFOR UNDER THE INDENTURE, AS MORE FULLY DESCRIBED HEREIN. THE BONDS DO NOT CONSTITUTE A GENERAL OR MORAL OBLIGATION OF THE BOND BANK AND A DEBT SERVICE RESERVE WILL NOT BE MAINTAINED BY THE BOND BANK FOR THE BONDS. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OF INDIANA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING ANY QUALIFIED ENTITY, UNDER THE CONSTITUTION AND LAWS OF THE STATE OR A PLEDGE OF THE FAITH, CREDIT AND TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING ANY QUALIFIED ENTITY. THE BOND BANK HAS NO TAXING POWER.

The Bonds are being offered by City Securities Corporation, Salomon Smith Barney and Siebert Brandford Shank & Co., LLC, the Underwriters ("Underwriters") when, as and if issued by the Bond Bank and received by the Underwriters subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Ice Miller, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank by its General Counsel, Barnes & Thornburg, Indianapolis, Indiana, and for the Underwriters by their counsel, Mayer, Brown, Rowe & Maw, Chicago, Illinois. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about May 16, 2002.

City Securities Corporation

Salomon Smith Barney

Siebert Brandford Shank & Co., LLC

Date: May 10, 2002

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES

\$57,260,000

INDIANA BOND BANK

TAXABLE SCHOOL SEVERANCE FUNDING BONDS, SERIES 1

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
7/15/03	\$2,595,000	2.83%	100%	7/15/07	\$2,875,000	5.15%	100%
1/15/04	2,275,000	3.35	100	1/15/08	2,945,000	5.27	100
7/15/04	2,520,000	3.71	100	7/15/08	2,840,000	5.34	100
1/15/05	2,550,000	4.08	100	1/15/09	2,920,000	5.55	100
7/15/05	2,615,000	4.34	100	7/15/10	3,360,000	5.75	100
1/15/06	2,670,000	4.65	100	1/15/11	3,445,000	5.90	100
7/15/06	2,710,000	4.82	100	7/15/11	850,000	5.90	100
1/15/07	2,775,000	5.02	100				

\$6,435,000 Term Bonds Maturing January 15, 2010

Interest Rate: 5.68%; Price: 100%

\$6,725,000 Term Bonds Maturing January 15, 2015

Interest Rate: 6.20%; Price: 100%

\$4,155,000 Term Bonds Maturing January 15, 2018

Interest Rate: 6.30%; Price: 100%

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOND BANK OR BY THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF ANY OF THE SECURITIES DESCRIBED HEREIN BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN PROVIDED BY THE BOND BANK AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE INFORMATION PROVIDED BY SUCH OTHER SOURCES IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOND BANK OR ANY OTHER PERSON SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS PRESENTED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR ANY STATE SECURITIES LAW. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INDIANA BOND BANK AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

\$57,260,000

Indiana Bond Bank Taxable School Severance Funding Bonds, Series 1

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices, is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the “Bond Bank”) of its \$57,260,000 aggregate principal amount of Taxable School Severance Funding Bonds, Series 1 (the “Bonds”). The Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on April 9, 2002, and are issued under and secured by a Trust Indenture dated as of April 15, 2002 (the “Indenture”), between the Bond Bank and Fifth Third Bank, Indiana, as trustee, registrar and paying agent (the “Trustee”), all pursuant to the laws of the State of Indiana (the “State”), particularly Indiana Code, Title 5, Article 1.5 (the “Act”).

The Program

The Bond Bank has established a program (the “Program”) to purchase general obligation bonds (the “Qualified Obligations”) issued by certain Indiana school corporations (the “Qualified Entities”), which are authorized under Indiana law to issue the Qualified Obligations to fund existing unfunded contractual liabilities for retirement or severance payments (as of June 30, 2001), which constitute payments anticipated to be required to be made to employees of the Qualified Entity upon or after the termination of their employment by the Qualified Entity under an existing or previous employment agreement. The proceeds from the sale of the Bonds will be used (i) to purchase the Qualified Obligations of the Qualified Entities, (ii) to pay the premium on the municipal bond insurance policy securing the payment of principal of and interest on the Bonds when due, (iii) to pay the premium on the payment reserve fund surety bond which funds the Rating Reserve Fund (as defined herein), and (iv) to pay all or a portion of the costs of issuance of the Bonds (other than Underwriters’ discount). As of the date of the issuance of the Bonds, each Qualified Entity will have entered into a Qualified Entity Purchase Agreement (each, a “Purchase Agreement” and collectively, the “Purchase Agreements”) with the Bond Bank governing the terms of purchase of the Qualified Obligations by the Bond Bank. See “FORM OF QUALIFIED ENTITY PURCHASE AGREEMENT” in Appendix E.

Security and Sources of Payment for the Bonds

The Bonds will be issued under and secured by the Indenture. The Bonds do not constitute a general or moral obligation of the Bond Bank. The Bond Bank will not maintain a debt service reserve for the Bonds and the provisions of Indiana Code 5-1.5-5, pertaining to a moral obligation of the Indiana General Assembly to replenish a debt service reserve, do not apply to the Bonds. Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the Qualified Entities, is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt, liability, or loan of the credit of the State or

any political subdivision thereof, including the Qualified Entities. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Bonds are issued and secured separately from all other obligations issued by the Bond Bank.

The Bonds are secured by the pledge of the Trust Estate established under the Indenture (the “Trust Estate”), which includes (a) all right, title and interest of the Bond Bank in, to and under the Purchase Agreements and the Qualified Obligations; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the Bonds; and (d) all revenues held in the Funds and Accounts under the Indenture. All Bonds will be secured equally and ratably by all of the foregoing. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Upon the issuance of the Bonds, MBIA Insurance Corporation (the “Bond Insurer”) will issue a financial guaranty insurance policy (the “Bond Insurance Policy”) to insure the payment of the principal of and interest on the Bonds when due as provided therein. See “MUNICIPAL BOND INSURANCE” and Appendix D.

The principal source of payment on the Bonds will be the principal and interest payments received by the Bond Bank from the Qualified Entities under the Qualified Obligations. The principal of and interest on the Qualified Obligations are payable out of certain ad valorem property tax revenues as further described under the caption, “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Provisions for Payment of the Qualified Obligations.”

It is anticipated that the proceeds of the Bonds will be used to purchase Qualified Obligations under the Program from the Qualified Entities described in, and in the amounts set forth in, Appendix A.

The Bond Bank

The Bond Bank is a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bond Bank is governed by a Board of seven Directors, including the Treasurer of the State, who serves as Chairman Ex Officio, and the Director of the State Department of Financial Institutions, who serves as a Director Ex Officio and five additional Directors, each appointed by the Governor of the State.

Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of April 15, 2002, an aggregate principal amount of approximately \$1,885,130,000 in separate program obligations. Additionally, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financing for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the Bonds and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

The Act

Pursuant to the Act, the purpose of the Bond Bank is to assist “qualified entities,” defined in the Act to include political subdivisions, as defined in Indiana Code 36-1-2-13, leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs of, among other things, purchasing the bonds or evidences of indebtedness of such qualified entities. Under the Act, “qualified entities” include entities such as cities, towns, counties, school corporations, library corporations, special taxing districts and nonprofit corporations and associations which lease facilities or equipment to such entities. Each of the school corporations described in Appendix A is a “qualified entity” within the meaning of the Act.

The Official Statement; Additional Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained under the caption “INTRODUCTION” is qualified by reference to this entire Official Statement, including the Appendices hereto. This introduction is only a brief description and a full review should be made of this entire Official Statement, including the appendices hereto, as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Certain terms used in this Official Statement are defined in Appendix B.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entities and copies of the Indenture and the form of Purchase Agreement may be obtained from the Indiana Bond Bank, 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204. The Bond Bank’s telephone number is (317) 233-0888.

It is the Bond Bank’s current policy to provide its financial statements to the holders of its obligations, including the Bonds, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Bonds pursuant to the Indenture. See “CONTINUING DISCLOSURE.”

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are limited obligations of the Bond Bank payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, and interest on, all of the Bonds. The Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including any Qualified Entity, under the constitution of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including any Qualified Entity. The Bond Bank has no taxing power. The Bonds do not constitute a general or moral obligation of the Bond Bank. The Bond Bank will not maintain a debt service reserve for the Bonds and the

provisions of Indiana Code 5-1.5-5 do not apply to the Bonds. Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chairman of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement. However, no debt service reserve fund has been established under the Indenture, and, therefore, the provisions of Indiana Code 5-1.5-5 do not apply to the Bonds.

Under the Indenture, the Bonds are secured by a pledge to the Trustee of the Trust Estate, which includes (a) all right, title and interest of the Bond Bank in, to and under the Qualified Obligations and the Purchase Agreements; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the Bonds; and (d) all revenues held in the Funds and Accounts under the Indenture.

The Qualified Entities and the Qualified Obligations

From the proceeds of the Bonds, the Bond Bank will purchase and, upon purchase, will pledge to the Trustee the Qualified Obligations. The Qualified Obligations to be issued by the Qualified Entities and purchased by the Bond Bank under the Program are general obligation bonds of the Qualified Entities issued to fund existing unfunded contractual liabilities for retirement or severance payments (as of June 30, 2001), which constitute payments anticipated to be required to be made to employees of the Qualified Entity upon or after the termination of their employment by the Qualified Entity under an existing or previous employment agreement. See "THE PROGRAM."

The Qualified Entities and the amount of their respective Qualified Obligations are described in the Appendix A hereto. Certain information related to such Qualified Entities is set forth in Appendix A. As of the date of the issuance of the Bonds, such Qualified Entities will have entered into Purchase Agreements with the Bond Bank.

Provisions for Payment of the Qualified Obligations

The Qualified Obligations are general obligations of the Qualified Entity, payable out of unlimited ad valorem property tax revenues to be collected on all of the taxable property within the boundaries of the respective Qualified Entities. I.C. 20-5-4-10 provides for the establishment by the Indiana Department of Local Government Finance, formerly the State Board of Tax Commissioners (the "Department of Local Government Finance"), of an adequate local school corporation levy to meet the payments of its general obligation bonds and lease rental obligations and provides for such payments if the Qualified Entity cannot meet the payment obligation.

Prior to the end of each calendar year, the Department of Local Government Finance reviews the bond and lease rental levies of each Qualified Entity that are payable in the next succeeding year, and the appropriations from such levies. In the event such levies and appropriations of the Qualified Entity are not sufficient to pay the debt service obligations, the Department of Local Government Finance will establish bond and lease rental levies and appropriations which are sufficient to pay such debt service obligations. Upon the failure of any

Qualified Entity to pay any of its debt service obligations during the calendar year when due, the State Treasurer, upon being notified of such failure to pay, will make such payment from the funds of the State to the extent, but not in excess, of any amounts appropriated by the General Assembly for the calendar year for distribution to such Qualified Entity from State funds, deducting such payment from amounts thus appropriated.

In addition, as a condition to the issuance of its underlying rating on the Bonds, Standard & Poor's Ratings Services is requiring the Bond Bank to establish a rating reserve fund (the "Rating Reserve Fund") in the amount of \$225,000, under the Indenture. This Rating Reserve Fund relates solely to the Metropolitan School District of Southwest Allen County (the "Southwest Allen County School") and its Qualified Obligations and does not constitute a debt service reserve fund for the Bond Bank. The Bond Bank has the option of funding the Rating Reserve Fund by depositing \$225,000 or a payment reserve fund surety bond into the fund. Upon the issuance of the Bonds, MBIA Insurance Corporation will issue a payment reserve fund surety bond to fund the Rating Reserve Fund. In the event that the Southwest Allen County School fails to make timely payments on its Qualified Obligations and funds in the General Account (as defined herein) are insufficient to pay principal of and interest on the Bonds, the Trustee will transfer funds held in the Rating Reserve Fund to the General Account.

Procedures for Property Assessment, Tax Levy and Collection

Real property in the State of Indiana is assessed each year as of March 1. On or before August 1 each year, each county auditor must submit to each underlying taxing unit located within that county a statement of (i) the estimated assessed value of the taxing units as of March 1 of that year, and (ii) an estimate of the taxes to be distributed to the unit during the last six months of the current budget year. The estimated value is based on abstracts delivered to such county auditor by the township assessor or its designee on or before July 15.

The estimated Department of Local Government Finance value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies. By statute, the budget, tax rate and levy of a local taxing unit must be established no later than September 20. The budget, tax levy and tax rate are subject to review and revision by the which can lower, but not raise the tax levy or tax rate (with the exception of increasing any debt service or lease rental levy as may be required).

On or before December 31, each county auditor prepares and delivers the final abstract of property taxes within that county. The county treasurer mails tax statements the following April (but mailing may be delayed due to reassessment or other factors). Property taxes are due and payable to the county treasurer in two installments on May 10 and November 10. If an installment of taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due. On May 10 and November 10 of each year thereafter, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency.

Pursuant to Indiana law, real property is valued for assessment purposes at its True Tax Value as defined in rules and regulations promulgated by the Department of Local Government

Finance. “True Tax Value” does not mean fair market value. Current regulations define the “True Tax Value”, generally, as the comparable sales value of land prevalent in the State of Indiana in 1991, plus the depreciated reproduction cost of improvements (e.g. buildings, other structures and paving). When determining depreciation, the local assessor may subtract from the reproduction cost, an amount for physical depreciation, as provided in the regulations, as well as amounts for functional or economic obsolescence, as the assessor deems appropriate in accordance with the regulations. The assessor is required to assess annually projects under construction to allow taxes to be levied on partial assessment.

“Gross Assessed Value” is equal to the True Tax Value. “Net Assessed Value” represents the “Gross Assessed Value” less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization, and tax-exempt property. The “Net Assessed Value” is the value used for taxing purposes in the determination of tax rates.

If a change in assessed value occurs, a written notification is sent by either the township assessor or the county board of review to the affected property owner. Upon notification, if the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor in which the property is located within 45 days after the written notification was given. While the appeal is pending, any taxes on real property which became due on the property may be paid in an amount based on the immediately preceding year’s assessment.

Indiana Code 6-1.1-21-5 provides that each year taxpayers will receive a credit for property tax replacement, known as the “property tax replacement credit” (“PTRC”), in the amount of approximately twenty percent (20%) of their tax liability for taxes as defined under Indiana Code 6-1.1-22-9 which are due and payable in May and November of that year. The credit is applied to each installment of taxes. However, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer attributable to certain specified components of the tax levy. Among the tax levy components not receiving the PTRC are the property taxes that will be used to pay for the principal and interest due on debt entered into after December, 1983.

Indiana’s current system of assessment and property taxation was questioned in the case of Town of St. John, et al. v. State Board of Tax Commissioners. After numerous stages of remand and appeal, the Indiana Supreme Court ruled that the True Tax Value method is constitutional, but that the cost schedules used by the State Board of Tax Commissioners (now the Department of Local Government Finance) were unconstitutional. The ruling affects the valuation method only and does not affect the ability of the Qualified Entities to levy an unlimited property tax to pay debt service on the Qualified Obligations. New real property assessment rules have been promulgated, effective June 22, 2001, to comply with the court’s findings and reassessment is now underway. The new reassessment rules are effective for the March 1, 2002 assessment date for taxes payable in 2003.

Enforcement of Qualified Obligations

As the owner of the Qualified Obligations, the Bond Bank has available to it all remedies available to owners or holders of securities issued by the Qualified Entities. The Act provides that, upon the sale and delivery of any Qualified Obligations to the Bond Bank, the Qualified

Entity is deemed to have agreed that all statutory defenses to nonpayment are waived in the event that such Qualified Entity fails to pay principal of, or interest on, such Qualified Obligations when due.

MUNICIPAL BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to Appendix D for a specimen of the Bond Insurance Policy.

The Bond Insurance Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Bond Bank to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Bond Insurance Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Bond Insurance Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. The Bond Insurance Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Bond Insurance Policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other trustee for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Bond Insurer from the Trustee or any owner of a Bond, the payment of an insured amount for which is then due, that such required payment has not been made, the Bond Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Bond Insurer, and appropriate instruments to effect the appointment of the Bond Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall

disburse to such owners or the Trustee payment of the insured amounts due on such Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

The Bond Insurer

The Bond Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the “Company”). The Company is not obligated to pay the debts of or claims against the Bond Insurer. The Bond Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Bond Insurer has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Bond Insurer, changes in control and transactions among affiliates. Additionally, the Bond Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

The Bond Insurer does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and the Bond Insurer set forth under this caption. Additionally, the Bond Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The Bond Insurance Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Information About MBIA Insurance Corporation

The following documents filed by the Company with the Securities and Exchange Commission (the “SEC”) are incorporated herein by reference:

- (1) The Company’s Annual Report on Form 10-K for the year ended December 31, 2001.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including the Company's Annual Report on Form 10-K for the year ended December 31, 2001) are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of the Bond Insurer is (914) 273-4545.

As of December 31, 2001, the Bond Insurer had admitted assets of \$8.5 billion (unaudited), total liabilities of \$5.6 billion (unaudited), and total capital and surplus of \$2.9 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2000, the Bond Insurer had admitted assets of \$7.6 billion (audited), total liabilities of \$5.2 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of MBIA Insurance Corporation

Moody's Investors Service, Inc. rates the financial strength of the Bond Insurer "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of the Bond Insurer "AAA."

Fitch, Inc. rates the financial strength of the Bond Insurer "AAA."

Each rating of the Bond Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Bond Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Bond Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

THE PROGRAM

General

Age discrimination laws, the rapid growth of many school corporations and market-driven increases in teachers salaries have caused significant increases with respect to the existing unfunded contractual retirement or severance liability of school corporations in the State. The contractual retirement or severance liability of a school corporation means the payments anticipated to be required to be made to employees of the school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.

As a solution to this problem, the General Assembly enacted I.C. 20-5-4-1.7, legislation authorizing school corporations to issue general obligation bonds to implement solutions to contractual retirement or severance liability. These bonds are payable out of unlimited ad valorem taxes to be collected on the taxable property within the boundaries of the school corporation. The school corporation's authority to issue such bonds is subject to the following limitations: (i) the school corporation may issue such bonds only one time and the bonds have to be issued before December 31, 2003; (ii) the solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as of June 30, 2001; (iii) the amount of bonds that may be issued for the purpose described above may not exceed two percent of the total assessed valuation of property in the school corporation; and (iv) each year that a debt service levy is needed to satisfy the payment obligations on the bonds, the school corporation will reduce its total property tax levy for the school corporation's transportation, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for debt service.

In order to facilitate the implementation of solutions to the contractual retirement or severance liability by the school corporations, the Bond Bank has established the Program, pursuant to which it will issue its bonds, including the Bonds, and use the proceeds to purchase pools of bonds issued by school corporations, including the Qualified Obligations.

Program Participation and Borrowing Limits

To be considered for participation in the Program, each Qualified Entity has submitted an application to the Bond Bank. Application information and data supplied by each Qualified Entity seeking to participate in the Program included among other things the following: the historical and estimated cash flow data; a list of the ten largest taxpayers; tax collection history; historical and projected budget and levy information; and general economic and demographic information and data.

Upon receipt of applications for participation in the Program, each applying Qualified Entity was analyzed to determine, consistent with the purposes of the Bond Bank, whether a Qualified Entity would be permitted to participate in the Program. Such analysis consisted of an internal financial review undertaken by the Bond Bank with the assistance of Municipal Consultants, as financial advisor to the Bond Bank. The Qualified Entities described in Appendix A have applied for participation in the Program, have been analyzed by the Bond Bank and its financial advisor and have been approved for participation in the Program by the Board of Directors.

Based on documentation and estimates supplied by a Qualified Entity at or prior to the time of execution of its Purchase Agreement, the Bond Bank's financial advisor has performed certain computations to arrive at the maximum amount which a Qualified Entity is authorized to borrow from the Bond Bank under the Program. For each Qualified Entity, such maximum amount may not exceed two percent of the total assessed valuation of property within the boundaries of the Qualified Entity.

Pursuant to the Purchase Agreements, each Qualified Entity will be required to represent and warrant certain matters to the Bond Bank in order to be eligible to participate in the Program. See “FORM OF QUALIFIED ENTITY PURCHASE AGREEMENT” in Appendix E.

Refunding Bonds

The Bond Bank may issue Refunding Bonds (“Refunding Bonds”) to refund all or any part of the Bonds outstanding. Refunding Bonds will be issued in a principal amount sufficient, together with other moneys available therefore, to accomplish such refunding and to make such deposits required by the provisions of the Act, the Indenture and any Supplemental Indenture authorizing the issuance of the Refunding Bonds.

RISK FACTORS

Purchasers of the Bonds are advised of certain risk factors with respect to the payment of the Qualified Obligations by the Qualified Entities, and payment of the Bonds. This discussion is not intended to be all-inclusive, and other risks may also be present.

The ability of the Bond Bank to pay principal of, and interest on, the Bonds depends upon the receipt by the Bond Bank of payments pursuant to the Qualified Obligations, including interest at the rates provided therein, from all Qualified Entities participating in the Program which are obligated to make such payments to the Bond Bank, together with earnings on the amounts in the Funds and Accounts sufficient to make such payments. The Bond Bank will not maintain a debt service reserve for the Bonds and the provisions of Indiana Code 5-1.5-5 do not apply to the Bonds. Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chairman of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement.

There is no source of funds available to make up for any deficiencies in the event of one or more defaults by one or more Qualified Entities in such payments on the Qualified Obligations. There can be no representation or assurance that all of the Qualified Entities participating in the Program will receive sufficient taxes or other revenues or otherwise have sufficient funds available to make their required payments on the Qualified Obligations. The Qualified Entities are required by law to levy a tax sufficient to pay debt service on their respective Qualified Obligations, although the receipt of such revenues by any Qualified Entity is subject to, among other things, future economic conditions, actions by creditors and other conditions which are variable and not certain of prediction. For a description of procedures for providing for the payment of Qualified Obligations, see the captions “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Provisions for Payment of the Qualified Obligations” and “THE PROGRAM.”

The remedies available to the Trustee, to the Bond Bank or to the owners of the Bonds upon the occurrence of an Event of Default under the Indenture or under the terms of any of the Qualified Obligations purchased by the Bond Bank and the related Purchase Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title

11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Purchase Agreements and the Qualified Obligations may not be readily available or may be limited.

THE BONDS

General Description

The Bonds are issuable under the Indenture as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Each Bond will carry an original issue date of May 16, 2002, and will bear interest from the most recent Interest Payment Date on which interest was paid prior to the date of authentication of such Bond, unless the Bond is authenticated after a Record Date but prior to the related Interest Payment Date. Bonds authenticated after a Record Date but prior to the related Interest Payment Date will bear interest from the related Interest Payment Date.

The Bonds will be issued in the aggregate principal amount of \$57,260,000, and will mature and bear interest as set forth on the inside cover page of this Official Statement.

For so long as the Bonds are registered in the name of The Depository Trust Company (“DTC”) or its nominee, payments of the principal of, premium, if any, and interest on the Bonds will be paid only to DTC or its nominee. Interest on the Bonds will be paid on each Interest Payment Date by wire transfer to DTC or its nominee. Principal will be paid to DTC or its nominee upon presentation and surrender of the Bonds at the principal office of the Trustee. Neither the Bond Bank nor the Trustee will have any responsibility for the Beneficial Owner’s receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any payments of principal or interest on the Bonds. See “THE BONDS – Book-Entry-Only System.”

If the Bonds are no longer registered in the name of DTC or its nominee, or any other clearing agency, interest on the Bonds will be payable semiannually on January 15 and July 15 of each year, commencing on the first Interest Payment Date after the Bonds are no longer so registered by check issued by the Paying Agent dated the due date and mailed one Business Day prior to each Interest Payment Date to the registered Owners as of the close of business on the most recent Record Date or by wire transfer to Owners of \$1,000,000 or more in principal amount of the Bonds upon written request of such owners. Principal will be payable on the maturity date of such Bond upon presentation of the Bond at the principal corporate trust office of the Trustee.

Optional Redemption

The Bonds maturing on and after January 15, 2015 are subject to optional redemption prior to maturity on any date on and after January 15, 2012 at the face amount thereof plus accrued interest to the date of redemption.

Mandatory Redemption

The Bonds maturing on January 15, 2010 are subject to mandatory sinking fund redemption prior to maturity at a price equal to the principal amount thereof, but without premium, plus accrued interest to the redemption date, on the dates indicated below:

<u>Date</u>	<u>Principal Amount</u>
July 15, 2009	\$3,170,000
January 15, 2010	3,265,000

The Bonds maturing on January 15, 2015 are subject to mandatory sinking fund redemption prior to maturity at a price equal to the principal amount thereof, but without premium, plus accrued interest to the redemption date, on the dates indicated below:

<u>Date</u>	<u>Principal Amount</u>
January 15, 2012	\$ 880,000
July 15, 2012	900,000
January 15, 2013	930,000
July 15, 2013	965,000
January 15, 2014	985,000
July 15, 2014	1,015,000
January 15, 2015	1,050,000

The Bonds maturing on January 15, 2018 are subject to mandatory sinking fund redemption prior to maturity at a price equal to the principal amount thereof, but without premium, plus accrued interest to the redemption date, on the dates indicated below:

<u>Date</u>	<u>Principal Amount</u>
July 15, 2015	\$ 640,000
January 15, 2016	660,000
July 15, 2016	685,000
January 15, 2017	700,000
July 15, 2017	725,000
January 15, 2018	745,000

The Trustee is required to credit against the mandatory sinking fund requirement for Bonds maturing January 15 of the years 2010, 2015 and 2018, as set forth above, any Bonds of such maturity delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and canceled by the Trustee and not theretofore applied as a credit against any redemption obligation. Each Bond of such maturity so delivered or canceled will be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date. Any amount in excess of such amount will be credited to future redemption obligations, and the principal amount of Bonds of such maturity to be redeemed by operation of the mandatory sinking fund requirements will be accordingly reduced; provided, however, the Trustee will only credit such Bonds to the extent they are received on or before 45 days preceding the applicable mandatory redemption date as set forth above.

Notice of Redemption

Notice of any redemption, identifying the Bonds to be redeemed, will be given by the Trustee at least 30 days but not more than 45 days prior to the Redemption Date by mailing a copy of the redemption notice by registered or certified mail to the registered Owner of each Bond to be redeemed at the address shown on the Bond Register.

For so long as the Bonds are registered in the name of DTC or its nominee, the Trustee will send notices of redemption of Bonds only to DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for any Beneficial Owner's receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any notices of redemption. See "THE BONDS – Book-Entry-Only System."

Redemption Payments

Prior to the date fixed for redemption, there must be on deposit with the Trustee sufficient funds to pay the redemption price of the Bonds subject to redemption, together with the accrued interest on the Bonds to the redemption date. After the redemption date, if sufficient funds have been deposited with the Trustee, interest will cease to accrue on the Bonds that have been called for redemption.

For so long as the Bonds are registered in the name of DTC or its nominee, redemption payments on the Bonds will be paid by the Trustee only to DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for any Beneficial Owner's receipt from DTC or its nominee, or from any DTC Direct Participant or Indirect Participant, of any redemption payments on any Bonds. See "THE BONDS – Book-Entry-Only System."

Selection of Bonds for Redemption

If fewer than all of the Bonds are to be redeemed, the Bonds will be redeemed only in whole multiples of \$5,000. For purposes of redemption, each \$5,000 of principal will be considered as a Bond. If fewer than all of the Bonds will be called for redemption, the principal amount and maturity of the particular Bonds to be redeemed will be selected by the Bond Bank.

The Trustee will select the particular Bonds to be redeemed by lot within a maturity in such manner as the Trustee may determine.

For so long as the Bonds are registered in the name of DTC or its nominee, the Trustee will select for redemption only Bonds or portions thereof registered in the name of DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank nor the Trustee will have any responsibility for selecting for redemption any Beneficial Owner's interests in the Bonds. See "THE BONDS – Book-Entry-Only System."

Exchange and Transfer

The Bonds may be transferred or exchanged at the principal corporate trust office of the Trustee, to the extent and upon the conditions set forth in the Indenture, including the payment of a sum sufficient to cover any tax or other governmental charge for any such transfer or exchange that may be imposed upon the Bond Bank or the Trustee.

In the event any Bond is mutilated, lost, stolen or destroyed, the Bond Bank may issue and the Trustee may authenticate a new Bond in accordance with the provisions therefor in the Indenture including an indemnity satisfactory to both, and the Bond Bank and the Trustee may charge the holder or Owner of such Bonds for its reasonable fees and expenses in connection therewith, including the cost of having a replacement Bond printed.

For so long as the Bonds are registered in the name of DTC or its nominee, the Trustee will transfer and exchange Bonds only on behalf of DTC or its nominee, in accordance with the preceding paragraph. Neither the Bond Bank, nor the Trustee will have any responsibility for transferring or exchanging any Beneficial Owner's interests in the Bonds. See "THE BONDS – Book-Entry-Only System."

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust and Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identify of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursements of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositor). In that event, Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to acquiring the Qualified Obligations and paying costs incidental to the sale and delivery of the Bonds are estimated as shown below:

Sources of Funds:

Principal Amount of Bonds	<u>\$ 57,260,000</u>
TOTAL SOURCES	\$ 57,260,000

Uses of Funds:

Deposit to General Fund ⁽¹⁾	\$ 1,525,000
Acquisition of Qualified Obligations	54,856,250
Cost of Issuance ⁽²⁾	<u>878,750</u>
TOTAL USES	\$ 57,260,000

⁽¹⁾ Representing the amount of Bond proceeds to be used for payment of a portion of the interest coming due on January 15, 2003.

⁽²⁾ Includes Underwriters' discount, the premium for the Bond Insurance Policy and the premium for the Surety Bond.

THE INDIANA BOND BANK

The Bond Bank was created in 1984, and is organized and existing under and by virtue of the Act as a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power.

Powers Under the Act

Under the Act, the Bond Bank has a perpetual existence and is granted all powers necessary, convenient or appropriate to carry out its public and corporate purposes including, without limitation, the power to do the following:

1. Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to a loan to or a lease or an agreement with a qualified entity, a purchase, acquisition or a sale of qualified obligations or other investments or the performance of its duties and execution of its powers under the Act;
2. Purchase, acquire or hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the Bond Bank considers advisable, and sell or otherwise dispose of the qualified

obligations or investments at prices without relation to cost and in a manner the Bond Bank considers advisable;

3. Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;
4. Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;
5. Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;
6. Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other program expenses properly attributable to qualified entities;
7. To the extent permitted by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;
8. Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;
9. In connection with any purchase, consider the need for and desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;
10. Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and
11. Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at \$1,000,000,000. Such aggregate limit of \$1,000,000,000 does not apply to (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 21-1-5; (iii) bonds, notes, or other obligations not secured by a reserve fund under Indiana Code 5-1.5-5; and (iv) bonds, notes,

or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

Under the Act, the Bond Bank may not do any of the following:

1. Lend money other than to a qualified entity;
2. Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;
3. Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;
4. Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business or act as a savings bank, savings and loan association or any other kind of financial institution; or
5. Engage in any form of private or commercial banking business.

Organization and Membership of the Bond Bank

The membership of the Bond Bank consists of seven Directors: the Treasurer of State, serving as Chairman Ex Officio, the Director of the State Department of Financial Institutions, appointed by the Governor and serving as Director Ex Officio, and five Directors appointed by the Governor of the State. Each of the five Directors appointed by the Governor must be a resident of the State and must have substantial expertise in the buying, selling and trading of municipal securities or in municipal administration or public facilities management. Each such Director will serve for a three-year term as set forth below and until a successor is appointed and qualified. Each such Director is also eligible for reappointment and may be removed for cause by the Governor. Any vacancy on the Board is filled by appointment of the Governor for the unexpired term only.

The Directors elect one Director to serve as Vice Chairman. The Directors also appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer. The powers of the Bond Bank are vested in the Board of Directors, any four of whom constitute a quorum. Action may be taken at any meeting of the Board by the affirmative vote of at least four Directors. A vacancy on the Board does not impair the right of a quorum to exercise the powers and perform the duties of the Board of Directors of the Bond Bank.

Directors

The following persons, including those persons with the particular types of experience required by the Act, comprise the present Board of Directors of the Bond Bank:

Tim Berry, Treasurer of the State of Indiana, February 10, 1999 to present and Chairman Ex Officio. Residence: Indianapolis, Indiana. Member, Indiana State Board of Finance; Vice-Chairman, Indiana Housing Finance Authority; Secretary-Investment Manager, Indiana Board for Depositories; Member, Governing Board of the Indiana Department of Revenue; Treasurer, Indiana State Office Building Commission; Treasurer, Indiana Recreational Development Commission; Trustee, Indiana State Police Pension Fund; Board Member, Indiana Transportation Finance Authority; Allen County, Indiana Treasurer 1990 to February, 1999.

Charles W. Phillips, Director of the Indiana Department of Financial Institutions, 1989 to present, and Director Ex Officio, serving at the pleasure of the Governor. Residence: New Albany, Indiana. Director Ex Officio, Indiana Housing Finance Authority; President, Floyd County Bank, New Albany, Indiana, 1962 to 1985; Former Examiner, Federal Deposit Insurance Corporation.

Clark H. Byrum, Vice Chairman; term expires July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and President, The Key Corporation, Indianapolis, Indiana, 1977 to present; Chairman of the Board, American State Bank of Lawrenceburg, Aurora and Greendale, Indiana, 1990 to present; Board Member, NCB Corporation and Norcen Bank, 1986 to present; Member, American Bankers Association; Member, Indiana Bankers Association; Member, National Association of Life Underwriters.

C. Kurt Zorn, Director; term expires July 1, 2003. Residence: Bloomington, Indiana. Professor of Public and Environmental Affairs, Indiana University, 1994 to present; Chairman, State Board of Tax Commissioners, January 1991 to August 1994; Associate Professor, School of Public and Environmental Affairs, Indiana University, 1987 to 1994 (on leave 1989 to 1992); Member, American Economic Association; Member, National Tax Association; Member, Governmental Finance Officers Association.

Russell Breeden, III, Director; term expires July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and CEO, Community First Financial Group, Inc., 1993 to 2002. Director, English State Bank, 1993 to present; Chairman, Peoples Trust Bank Company, 1994 to present; Chairman, Peninsula Banking Group, 1995 to present; Chairman, Bay Cities National Bank, 1995 to present; Director and President, Bettenhausen Motorsports, Inc., 1988 to present.

Marni McKinney; Director, term expires July 1, 2004. Residence: Indianapolis, Indiana. Vice President, First Indiana Bank, 1984 to 1999; Chairman of the Board, 1999 to present; President and CEO, The Somerset Group, 1995 to 2000; Vice Chairman and Chief Executive Officer, First Indiana Corporation, 1999 to present; Board of Directors, The Children's Museum, Community Hospitals of Indiana, Inc.; Investment Committee Member, The Indianapolis Foundation.

Morris H. Mills, Director, term expires July 1, 2003. Residence: Ladoga, Indiana. Partner, Mills Bros. Farms; Member, Indiana State Senate, 1972 to 2000; Member, Indiana State House of Representatives, 1968 to 1972; Director and Officer, Maplehurst Group, 1954 to 1996.

The Directors are authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board of Directors. Dan Huge was appointed Executive Director of the Indiana Bond Bank on October 9, 2001.

Mr. Huge previously served as the Deputy Director of The Indianapolis Local Public Improvement Bond Bank for over three years. Mr. Huge has over 14 years of corporate accounting and managerial experience. He is a Certified Public Accountant and holds a B.S. from Purdue University.

OPERATION OF FUNDS AND ACCOUNTS

The Indenture creates and establishes a General Fund which will be held by the Trustee and will consist of the following accounts:

1. General Account
2. Redemption Account
3. Bond Issuance Expense Account

The Indenture also creates and establishes a Rating Reserve Fund which will be held by the Trustee.

General Account

The Trustee will deposit \$56,381,250 from Bond proceeds in the General Account of the General Fund, \$54,856,250 of which will be used to purchase the Qualified Obligations and \$1,525,000 of which will be used for payment of a portion of the interest due on January 15, 2003. The Trustee will also deposit in the General Account all Revenues and all income or gain on Investment Securities attributable to any fund or account.

Moneys in the General Account of the General Fund will be disbursed as follows: (i) on the date of delivery of the Bonds, to purchase Qualified Obligations as set forth in the Indenture, upon the submission of requisitions of the Bond Bank signed by an Authorized Officer stating that all requirements for the purchase of the Qualified Obligations have been or will be satisfied; (ii) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary to pay interest due to be paid on Outstanding Bonds on such Interest Payment Date; (iii) not later than 10:00 a.m., Indianapolis time, one (1) Business Day prior to each Interest Payment Date, to the Trustee such amounts as may be necessary, if any, to pay principal due to be paid on Outstanding Bonds on such Interest Payment Date; (iv) at such times as may be necessary, to pay Program Expenses, but only to the extent that any such Program Expense, when added to all other Program Expenses paid or payable following the date of the most recent Cash Flow Certificate, does not exceed the amount of such Program Expenses contemplated by such Cash Flow Certificate.

Redemption Account

There will be deposited in the Redemption Account all moneys received upon the sale or optional or mandatory redemption (prior to maturity) of Qualified Obligations and all other moneys required to be deposited therein pursuant to the Indenture. Moneys in the Redemption Account will be distributed as follows: (i) on the fifteenth day of each month, to the General Account, an amount equal to the principal which would have been payable during the following month if such Qualified Obligations had not been sold or redeemed prior to maturity, (ii) on the second Business Day prior to any Interest Payment Date, if amounts in the General Account are

not sufficient to make the payments of principal and interest required to be made on such date, to the General Account amounts in the Redemption Account available for such transfer and not otherwise committed under the Indenture to the redemption of Bonds for which notice of redemption has been given; and (ii) after provision has been made for the payments required under (i) and (ii) above to (a) redeem Bonds of such maturity or maturities as may be directed by an Authorized Officer if such Bonds are then subject to redemption or (b) purchase Bonds of such maturity or maturities as directed by an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds will then be subject to redemption. Such price may not, however, exceed the redemption price which would be payable on the next ensuing redemption date on which the Bonds so purchased are redeemable according to their terms. The Trustee will pay the interest accrued on any Bonds so purchased to the date of delivery thereof from the General Account and the balance of the purchase price from the Redemption Account, but no such purchase will be made by the Trustee within the period of forty-five (45) days next preceding an Interest Payment Date or a date on which such Bonds are subject to redemption.

At the direction of the Bond Bank, the Trustee may transfer any amounts in the Redemption Account to the General Account of the General Fund provided that the Trustee is provided with a Cash Flow Certificate taking into account such transfer.

Bond Issuance Expense Account

The Trustee will deposit \$269,012 of the proceeds of the Bonds in the Bond Issuance Expense Account for the purpose of paying the costs associated with issuing the Bonds. Moneys in the Bond Issuance Expense Account will be disbursed to pay Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs, upon the Trustee's receipt of acceptable invoices or requisitions. All funds in the Bond Issuance Expense Account which are not expended for Costs of Issuance prior to July 1, 2002 will be transferred to the General Account of the General Fund.

Rating Reserve Fund

The Trustee will deposit in the Rating Reserve Fund all moneys required to be deposited therein pursuant to the Indenture, the Purchase Agreement with Southwest Allen County School or as set forth in any Supplemental Indenture. The Trustee will transfer funds held in the Rating Reserve Fund to the General Account only to the extent there has been a default in the payment of the Qualified Obligations of Southwest Allen County School, and if moneys in the General Account are insufficient to pay principal of and interest on the Bonds after all the transfers thereto required to be made under the Indenture (from the Redemption Account) have been made.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Bonds outstanding under the Indenture and the fees, charges and expenses of the Trustee will be distributed to the Bond Bank.

Investment of Funds

Moneys held as a part of any Fund or Account under the Indenture will be invested and reinvested at all times as fully as reasonably possible by the Trustee in investments defined to be Investment Securities under the Indenture and in accordance with the provisions of the Act and the terms and conditions of the Indenture.

The Bond Bank will direct the Trustee (with such direction to be confirmed in writing) in the investment of such moneys. The Bond Bank will so direct the Trustee, and the Bond Bank and the Trustee will make all such investments of moneys under the Indenture, in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal. The Bond Bank will direct the Trustee to invest all moneys held in the General Account relating to the Bonds pursuant to the provisions of the Investment Agreement.

All investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments will be deposited as received in the General Account. Any investment income, gains or losses will be charged to the Fund or Account from which moneys were employed to invest in the Investment Security, and the Trustee will not be liable for any investment losses so long as the Trustee complies with the provisions of the Indenture. Moneys in any Fund or Account will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of such Investment Securities) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash at the best price reasonably obtainable sufficient amounts of such Investment Securities in the respective Fund or Account as may be necessary to make up a deficiency in any amounts contemplated to be disbursed from such Fund or Account.

THE BONDS AS LEGAL INVESTMENTS

Under the Act, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest sinking funds, money or other funds belonging to or within the control of such fiduciaries in the bonds and Bonds of the Bond Bank issued under the Act.

LITIGATION

Bond Bank

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation (1) restraining or enjoining the issuance, sale, execution or delivery of the Bonds, (2) prohibiting the Bond Bank from purchasing the Qualified Obligations with the proceeds of such Bonds, (3) in any way contesting or affecting the validity of the Bonds or (4) restraining or enjoining any proceedings of the Bond Bank taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present Directors or other officers of the Bond Bank to their respective offices is being contested.

Qualified Entities

Upon the issuance of the Qualified Obligations, the Bond Bank will receive a certification from each Qualified Entity described in Appendix A to the effect that there is not pending or, to the best knowledge of such Qualified Entity, threatened any litigation restraining or enjoining (i) the execution of the Qualified Obligations or the Purchase Agreements or (ii) any proceedings of such Qualified Entity taken with respect to the Qualified Obligations or the pledge or application of any moneys or security provided for the payment of the Qualified Obligations, or in any way contesting or affecting the validity of the Qualified Obligations or the Purchase Agreements.

TAX MATTERS

Interest on the Bonds is **not** excludable from gross income for federal income tax purposes. In the opinion of Ice Miller, Bond Counsel, under law existing and in effect on the date of such opinion, interest on the Bonds is exempt from income taxation in the State of Indiana.

The foregoing does not purport to be a comprehensive discussion of the tax consequences of owning the Bonds. Prospective owners of the Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Bonds.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds by the Bond Bank are subject to the approval of Ice Miller, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the Bond Bank by its counsel, Barnes & Thornburg, Indianapolis, Indiana. Certain legal matters will be passed upon for the Underwriters by their counsel, Mayer, Brown, Rowe & Maw, Chicago, Illinois.

Ice Miller, Indianapolis, Indiana, serves as counsel to the Qualified Entities (with the exception of Metropolitan School District of Southwest Allen County) in connection with the issuance and sale of the Qualified Obligations to the Bond Bank and will be passing on certain legal matters in connection therewith. Barnes & Thornburg, Indianapolis, Indiana, serves as counsel to Metropolitan School District of Southwest Allen County in connection with the issuance and sale of its Qualified Obligations and will be passing on certain legal matters in connection therewith.

The remedies available to the Trustee, to the Bond Bank or to the owners of the Bonds upon an Event of Default under the Indenture, under the terms of any of the Qualified Obligations purchased by the Bond Bank, under the terms of any Purchase Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Qualified Obligations or the Purchase Agreements may not be readily available or may be limited. Under Federal and State environmental laws, certain liens may be imposed on property of the Bond Bank or the Qualified Entities from time to time, but the Bond

Bank has no reason to believe, under existing law, that any such lien would have priority over the lien on the payments on the Qualified Obligations pledged to owners of the Bonds under the Indenture or over the lien on the property taxes pledged to the owner of the Qualified Obligations under their respective resolutions. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the Qualified Entities, the State and the United States of America. These exceptions would encompass any exercise of any of the Qualified Entity's police powers in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Qualified Obligations or the Purchase Agreements in situations where such enforcement may adversely affect public health and welfare may be subject to the police powers of the State or any of the Qualified Entities.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RATINGS

Standard & Poor's Ratings Services ("S&P") has assigned a rating of "AA-" to the Bonds if they are issued without bond insurance and a rating of "AAA" to the Bonds if they are issued with bond insurance. The rating reflects only the view of S&P. The rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that the rating will remain in effect for any given period of time or that the rating will not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect upon the market price or marketability of the Bonds.

UNDERWRITING

Under a contract of purchase entered into between the Underwriters listed on the cover page of this Official Statement and the Bond Bank, the Bonds are being purchased by the Underwriters for reoffering at an aggregate purchase price of \$56,744,762. The purchase price reflects an aggregate Underwriters' discount of \$515,238. The contract of purchase provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligations of the Bond Bank to deliver the Bonds and of the Underwriters to accept delivery of the Bonds are subject to various conditions contained in the contract of purchase.

The Underwriters have agreed to make an initial public offering of all of the Bonds at yields not less than the yields set forth on the cover page of this Official Statement.

CONTINUING DISCLOSURE

General

Pursuant to the terms of the Indiana Bond Bank Continuing Disclosure Agreement, the Bond Bank, while the Bonds are outstanding (unless the Bonds are defeased), has agreed to provide to each nationally recognized municipal securities information repository (“NRMSIR”), or to the Municipal Securities Rulemaking Board, and to the Indiana State Information Depository then in existence, if any (the “State Depository”), the following event notices with respect to the Bonds, if material, and in a timely manner:

- 1) principal and interest payment delinquencies;
- 2) non-payment related defaults;
- 3) unscheduled draws on debt service reserves reflecting financial difficulties;
- 4) unscheduled draws on credit enhancements reflecting financial difficulties;
- 5) substitution of credit or liquidity providers, or their failure to perform;
- 6) adverse tax opinions or events affecting the tax-exempt status of the security;
- 7) modifications to rights of security holders;
- 8) bond calls;
- 9) defeasances;
- 10) release, substitution or sale of property securing repayment of the securities; and
- 11) rating changes.

Each Qualified Entity, while the Bonds are outstanding or until its Qualified Obligations are legally defeased, redeemed or paid in full, has agreed to provide to the Bond Bank the preceding event notices with respect to its Qualified Obligations if material, and in a timely manner. The disclosure obligations of the Bond Bank and each of the Qualified Entities are referenced as the “Undertakings.”

Remedy

The purpose of the Undertakings is to enable the Underwriters to purchase the Bonds in satisfaction of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”). The Undertakings are solely for the benefit of the holders and Beneficial Owners of the Bonds. The sole remedy against the Bond Bank or any Qualified Entity for any failure to carry out any provision of the Undertakings will be for specific performance of the Bond Bank’s or such Qualified Entity’s disclosure obligations under the Undertakings. The Trustee may (and, at the request of the holders of at least 25% in aggregate principal amount of Outstanding Bonds, will), or any holder or Beneficial Owner of the Bonds, may seek a mandate or specific performance by court order, to cause the Bond Bank or Qualified Entity to comply with its obligations under the Undertakings. For the purposes of this section only, “Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding any Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bond for federal income tax purposes.

Failure on the part of the Bond Bank or any Qualified Entity to honor its Undertaking will not constitute a breach or default under the Bonds, the Indenture, the Qualified Obligations or any other agreement to which the Bond Bank or the Qualified Entity is a party.

Modification of Undertakings

The Bond Bank, the Trustee and any Qualified Entity may, from time to time, amend any provision of the Undertakings without the consent of the holders or Beneficial Owners of the Bonds if: (a) such amendment (if related to certain provisions of the Undertakings) is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Bond Bank or any Qualified Entity or type of business conducted, (b) the respective Undertaking, as so amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule on the date of execution thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) such amendment either (i) is approved by the holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

Copies of the Undertakings are available from the Bond Bank upon request.

Compliance with Previous Undertakings

In the previous five years, the Bond Bank and each of the Qualified Entities has never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that any of them entered into pursuant to subsection (b)(5) of the Rule.

MISCELLANEOUS

The Bond Bank's offices are located at 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, telephone (317) 233-0888.

All quotations from, and summaries and explanations of, the Act, the Indenture, and the Purchase Agreements contained in this Official Statement do not purport to be complete and reference is made to each such document or instrument for full and complete statements of its provisions. The attached Appendices are an integral part of this Official Statement and must be read together with all of the foregoing statements. Copies in a reasonable quantity of the Act, the Indenture, the form of Purchase Agreement, and the supplemental materials furnished to the Bond Bank by the Qualified Entities may be obtained upon request directed to the Bond Bank.

It is the Bond Bank's current policy to provide its financial statements to the holders of its obligations, including the Bonds, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Bonds pursuant to the Indenture.

Neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. So far as any statements are made in

this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Official Statement has been duly approved, executed and delivered by the Bond Bank.

INDIANA BOND BANK

By: /s/ Tim Berry
Chairman Ex Officio

APPENDIX A

SUMMARY OF INFORMATION REGARDING THE QUALIFIED ENTITIES

PORTAGE TOWNSHIP SCHOOLS

General

Portage Township Schools is located in northwestern Porter County, Indiana and includes the City of Portage, the Town of Ogden Dunes, and the unincorporated area of Portage Township. Total land area is approximately 36 square miles and the 2000 population was 43,956. A five-member Board of School Trustees, elected to four-year terms, governs the School Corporation. Administrative functions are carried out by a Superintendent of Schools appointed by the Board. A central office staff complements the leadership of the Superintendent. The Administration Center is located in the City of Portage. The School Corporation, as of March 2002, had a total staff of 968 personnel. In addition to the administration and transportation centers, thirteen school buildings are currently housing education programs for the School Corporation including eight elementary schools, two middle schools, two high school buildings, and an adult education building.

The most recent audit by the State Board of Accounts was filed on March 1, 2000 for the period July 1, 1997 to June 30, 1999. An audit has been completed for the period of July 1, 1999 to June 30, 2001, but is not yet available. The current audit period for the School Corporation began July 1, 2001 and will conclude June 30, 2003.

Past (2001-2002) and projected (2003-2004) enrollments are:

2001 – 8,076	2002 – 8,000	2003 – 7,900	2004 – 7,800
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Selected Statistical Information

Tax Payment Year	Assessed Valuation(1)	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
1999	\$ 364,362,665	98.4%	\$5.1980	\$ 30,220,953	\$ 3,132,140
2000	382,537,055	98.7	5.0338	33,603,128	1,841,526
2001	400,652,675	97.3	4.7662	32,759,018	1,894,101
2002*	1,001,158,950	In Process	1.7113	33,845,000	2,320,658

- (1) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value. This has generally resulted in tax rates of approximately one-third of that used in prior years since the valuation basis is three times higher.

* Estimated

Unaudited Receipts & Disbursements

Calendar Year 2001

	General Fund	Debt Service Fund	Transportation Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:					
Property Taxes	\$ 10,351,101	\$ 1,174,746	\$ 2,776,137	\$ 4,335,070	\$ 39,342
Bank & Excise	1,422,447	161,430	381,494	595,722	5,405
State Grants	30,577,718	310,640	208,103		126,169
Miscellaneous	<u>2,119,531</u>	<u>8,144</u>	<u>271,470</u>	<u>43,677</u>	<u>271</u>
Total	<u>\$ 44,470,797</u>	<u>\$ 1,654,960</u>	<u>\$ 3,637,204</u>	<u>\$ 4,974,469</u>	<u>\$ 171,187</u>
Disbursements	<u>\$ 41,087,635</u>	<u>\$ 1,894,101</u>	<u>\$ 3,017,168</u>	<u>\$ 5,194,352</u>	<u>\$ 144,361</u>

Anticipated Receipts & Disbursements

Calendar Year 2002 Budget

	General Fund	Debt Service Fund	Capital Projects Fund	Transportation Fund	Bus Replacement Fund	Special Ed Pre-School
Receipts:						
Property Tax	\$ 9,135,350	\$ 1,305,465	\$3,851,462	\$ 1,813,308	\$ 447,754	\$ 31,982
Bank & Excise	1,339,703	191,447	564,820	265,924	65,663	4,877
State Grants	32,422,481	303,280		223,956		64,268
Miscellaneous	<u>3,712,228</u>			<u>200,000</u>		
Total	<u>\$ 46,609,762</u>	<u>\$ 1,800,192</u>	<u>\$4,416,282</u>	<u>\$ 2,503,188</u>	<u>\$ 513,417</u>	<u>\$ 101,127</u>
Disbursements	<u>\$ 5,338,217</u>	<u>\$ 2,320,658</u>	<u>\$4,849,877</u>	<u>\$ 3,446,606</u>	<u>\$ 519,701</u>	<u>\$ 134,328</u>

Year End Cash Balances

As of Dec. 31	General	Debt Service	Capital Projects	Trans.	All Other	Total
1999	\$ 3,861,283	\$ 956,129	\$ 970,456	\$1,974,203	\$2,359,937	\$10,122,008
2000	5,865,223	1,479,973	1,381,526	2,514,459	330,679	11,571,860
2001	4,291,302	962,798	1,161,644	2,675,668	3,316,819	12,408,231

Current School Corporation Indebtedness

General Obligation Bonds	–	Now Outstanding	\$	-0-
	–	This Issue		6,670,000
Veterans & Common School Loans				2,316,544
Lease Obligations				18,295,000 *
Total School Corporation Indebtedness			\$	<u>27,281,544</u>
School Corporation Indebtedness to True Tax Value				2.72%
Total School Corporation Indebtedness Per Capita			\$	621

* Includes \$14,795,000 proposed Lease Rental Bonds of 2002.

Ten Largest Taxpayers

<u>Name and Type of Business</u>	<u>2001 Assessed Valuation</u>	<u>% of 2001 Assessed Valuation</u>
National Steel Corp., Midwest Div.	\$ 53,005,910	13.23%
Beta Steel Corporation	15,581,040	3.89
Bethlehem Steel Corp.	9,261,950	2.31
Northern Indiana Public Service Company	8,151,000	2.03
Steel Technologies, Inc.	7,440,190	1.86
Indiana-American Water Co.	5,005,570	1.25
Verizon (formerly GTE North, Inc.)	4,991,040	1.25
Pedcor Investment	3,569,620	.89
K-Mart Corporation	3,531,810	.88
Chicago Cold Rolling LLC	3,450,350	.86

National Steel and Bethlehem Steel Bankruptcy Impact

The School Corporation's largest taxpayer, National Steel, provides 4.2% of annual revenue to the School Corporation. Bethlehem Steel is one of the top five taxpayers and represents slightly less than 1% of annual revenue. Both corporations have filed for protection under Chapter 11 of the United States Bankruptcy Code. Both have also continued to operate with no layoffs and have indicated that there are no plans to shut down operations at their respective facilities.

As a result of these filings, the analysis relating to the School Corporation's participation in the Program assumes that National Steel and Bethlehem Steel will not make their installment of property taxes due in May and November of 2002. The School Corporation estimates that such nonpayment of property taxes will result in little or no shortfall in property taxes because of evidence indicating a substantial assessed valuation underassessment of Portage City, Unincorporated Portage and Ogden Dunes in 2001 for property taxes payable in 2002. This underassessment should be apparent when the Porter County Auditor publishes the abstract assessed valuation in the Spring of 2002.

Any property taxes not paid by these corporations would remain payable after any respective plan of reorganization is finalized. Unpaid and delinquent taxes would be junior to secured debt but senior to any unsecured debt. The amount and timing of the payments would be provided in the plan of reorganization.

Assuming that National Steel and Bethlehem Steel continue to operate their facilities in Porter County under the plan of reorganization, taxes due beginning in May 2003 will be required to be paid on a current basis as an administrative expense of operating pursuant to Chapter 11 of the United States Bankruptcy Code. In such instance, no shortfall would be expected starting in 2003.

Discussions with the Porter County Auditor indicate that adjustments will be made to the 2002 assessed valuation for property taxes payable in 2003 which will further lessen the impact of these bankruptcies on property tax receipts if for any reason payment of property taxes are not resumed in 2003.

EVANSVILLE-VANDEBURGH SCHOOL CORPORATION, INDIANA

General

The Evansville-Vanderburgh School Corporation is located in Evansville, Indiana and serves the City of Evansville and Vanderburgh County. Total land area is approximately 241 square miles and the 2000 population was 171,922. A seven member Board of School Trustees, elected to four-year terms, governs the School Corporation. Administrative functions are carried out by a Superintendent of Schools, appointed by the Board. A central office staff complements the leadership of the Superintendent. The central office facilities are located in the City of Evansville. The School Corporation has 3,159 employees including 1460 union teachers, 261 union custodial and maintenance workers and 232 union bus drivers. The School Corporation serves the county with 20 elementary schools, 11 middle schools and 8 high schools.

The most recent audit by the State Board of Accounts was filed on March 14, 2002 for the year ended June 30, 2001. The current audit period runs from July 1, 2001 to June 30, 2002.

Past (2001-2002) and projected (2003-2004) enrollments are:

2001 – 23,082 2002 – 22,970 2003 – 22,924 2004 – 22,638

Selected Statistical Information

Tax Payment Year	Assessed Valuation(1)	Tax Collections	Total School Tax Rate(1)	State Aid	Total Debt Service
1999	1,380,306,200	100.1%	\$4.8533	\$ 71,022,001	\$ 1,590,386
2000	1,426,423,040	100.9	4.9039	74,368,731	1,922,984
2001	1,479,441,860	100.3	4.8371	77,261,433	1,733,027
2002*	4,585,812,210	In Process	1.6346	78,580,712	2,139,863

- (1) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value. This has generally resulted in tax rates of approximately one-third of that used in prior years since the valuation basis is three times higher.

* Estimated

Unaudited Receipts & Disbursements

Calendar Year 2001

	General Fund	Debt Service Fund	Transportation Fund	Capital Projects Fund	Special Ed Pre-School	Bus Replacement Fund
Receipts:						
Property Taxes	\$ 44,537,862	\$ 1,664,384	8,173,582	16,308,595	148,341	857,410
Bank & Excise	6,436,632	240,537	1,181,250	2,356,925	21,438	123,914
State Grants	75,695,774	0	610,853	0	954,806	0
Miscellaneous	5,500,533	0	292,587	15,104	9,430	0
Total	<u>\$132,170,801</u>	<u>\$ 1,904,921</u>	<u>10,258,272</u>	<u>18,680,624</u>	<u>1,134,015</u>	<u>981,324</u>
Disbursements	<u>\$133,817,051</u>	<u>\$ 1,733,027</u>	<u>10,255,282</u>	<u>18,112,872</u>	<u>1,222,431</u>	<u>982,966</u>

Anticipated Receipts & Disbursements

Calendar Year 2002 Budget

	General Fund	Debt Service Fund	Transportation Fund	Capital Projects Fund	Special Ed Pre-School	Bus Replacement Fund
Receipts:						
Property Taxes	\$ 46,114,928	\$1,884,769	\$8,557,126	\$17,320,613	151,332	866,719
Bank & Excise	6,110,678	255,094	1,494,838	\$.. 2,308,877	18,753	114,803
State Grants	75,902,630	0	588,530	0	1,003,668	0
Miscellaneous	7,238,417	0	0	0	1,397	0
Total	<u>\$135,366,653</u>	<u>\$2,139,863</u>	<u>\$10,640,494</u>	<u>\$19,629,490</u>	<u>1,175,150</u>	<u>981,522</u>
Disbursements	<u>\$135,701,117</u>	<u>\$2,580,907</u>	<u>\$10,670,465</u>	<u>\$19,786,000</u>	<u>1,350,812</u>	<u>990,000</u>

Year End Cash Balances

As of Dec. 31	General	Debt Service	Capital Projects	Trans.	All Other	Total
1999	\$ 898,332	\$ 1,236,847	\$ 1,327,142	\$ 48,709	\$ 3,449,260	\$ 6,960,280
2000	1,892,182	1,358,595	837,812	78,269	5,020,638	9,187,496
2001	273,535	1,530,490	1,405,564	79,616	5,975,055	9,264,260

Current School Corporation Indebtedness

General Obligation Bonds	–	Now Outstanding	\$	0
	–	This Issue		30,500,000
Veterans & Common School Loans				2,197,986
Lease Obligations				<u>0</u>
Total School Corporation Indebtedness			\$	<u>32,697,986</u>
School Corporation Indebtedness to True Tax Value				.71%
Total School Corporation Indebtedness Per Capita			\$	190

Ten Largest Taxpayers

<u>Name</u>	<u>2002 Assessed Valuation</u>	<u>% of 2001 Assessed Valuation</u>
Bristol-Myers	\$ 30,727,710	2.08%
S.I.G.E.C.O.	28,898,050	1.95
Whirlpool	24,951,650	1.69
Aztar Gaming Corp.	19,660,250	1.33
P.P.G.	15,694,870	1.06
Indiana Bell-Ameritech	15,391,760	1.04
S.D.G. Macerich Properties LP	13,634,380	.92
Fifth Third Bank	9,844,000	.67
NBS First Realty – TJ Maxx	7,324,390	.50
American General	7,227,280	.49

VALPARAISO COMMUNITY SCHOOL CORPORATION, INDIANA

General

The Valparaiso Community School Corporation, located in Porter County, Indiana includes most of the City of Valparaiso and the unincorporated area of Center Township. Total land area is approximately 30 square miles and the 2000 population was 38,186. A five-member Board of School Trustees is appointed to four-year terms and governs the School Corporation. Administrative functions are carried out by a Superintendent of Schools, appointed by the Board. A central staff complements the leadership of the superintendent. The central office facilities are located in the City of Valparaiso. The School Corporation, as of October 2001, had a total staff of 738 personnel, 384 certified and 354 classified. In addition to the administration center, twelve schools buildings are currently housing educational programs for the School Corporation including 8 elementary schools, 2 middle schools, one high school, and one career center.

The most recent audit by the State Board of Accounts was filed March 10, 2000 for the period July 1, 1997 to June 30, 1999. An audit has been completed for the period of July 1, 1999 to June 30, 2001, but is not yet available. The current audit period for the School Corporation began July 1, 2001 and will conclude June 30, 2003.

Past (2001-2002) and projected (2003-2004) enrollments are:

2001 - 6,080	2002 - 6,096	2003 - 6,114	2004 - 6,163
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Selected Statistical Information

Tax Payment Year	Net Assessed Valuation	Tax Collections	Total School Tax Rate(1)	State Aid	Total Debt Service
1999	\$ 334,687,822	100.49%	\$6.0589	\$ 18,596,280	\$ 6,043,520
2000	345,909,646	99.89	6.1866	20,112,868	6,129,138
2001	358,056,281	100.09	6.1667	20,501,472	7,451,881
2002*	1,088,472,480	In Process	2.1531	20,954,300	8,477,000

- (1) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value. This has generally resulted in tax rates of approximately one-third of that used in prior years since the valuation basis is three times higher.

* Estimated

**Unaudited Receipts & Disbursements
Calendar Year 2001**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Transportation Fund</u>	<u>Capital Projects Fund</u>	<u>Special Ed Pre-School</u>
Receipts:					
Property Taxes	\$ 5,215,557	\$ 3,521,933	\$ 1,367,658	\$ 2,152,271	\$ 19,834
Bank & Excise	825,509	557,440	216,465	340,653	3,140
State Grants	19,206,140	222,503	522,759		66,036
Miscellaneous	<u>7,500,774</u>	<u>3,127,554</u>	<u>766,402</u>	<u>1,960,997</u>	<u>17,661</u>
Total	<u>\$ 32,747,980</u>	<u>\$ 7,429,430</u>	<u>\$ 2,873,284</u>	<u>\$ 4,453,921</u>	<u>\$ 106,671</u>
Disbursements	<u>\$ 33,505,739</u>	<u>\$ 7,511,880</u>	<u>\$ 2,560,781</u>	<u>\$ 4,861,091</u>	<u>\$ 93,500</u>

**Anticipated Receipts & Disbursements
Calendar Year 2002 Budget**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Transportation Fund*</u>	<u>Capital Projects Fund</u>	<u>Special Ed Pre-School</u>
Receipts:					
Property Taxes	\$ 10,501,582	\$ 6,704,990	\$ 2,564,441	\$ 3,628,967	\$ 35,920
Bank & Excise	1,290,341	819,812	296,955	447,118	4,391
State Grants	19,627,962	223,236	36,317		19,080
Miscellaneous	<u>2,569,500</u>				
Total	<u>\$ 33,989,385</u>	<u>\$ 7,748,038</u>	<u>\$ 2,897,713</u>	<u>\$ 4,076,085</u>	<u>\$ 59,391</u>
Disbursements	<u>\$ 35,609,802</u>	<u>\$ 8,477,000</u>	<u>\$ 4,228,856</u>	<u>\$ 4,335,240</u>	<u>\$ 124,700</u>

* Combined Operating and bus replacement

Year End Cash Balances

<u>As of Dec. 31</u>	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Trans.</u>	<u>All Other</u>	<u>Total</u>
1999	\$ 3,921,435	\$ 654,395	\$ 890,995	\$ 2,394,451	\$ 4,298,439	\$ 12,159,715
2000	3,117,558	810,404	1,954,760	2,710,015	6,764,643	15,357,380
2001	2,352,503	800,226	1,611,087	3,023,648	15,037,278	22,824,742

Current School Corporation Indebtedness

General Obligation Bonds	–	Now Outstanding	\$	-0-
	–	This Issue		7,160,000
Veterans & Common School Loans				-0-
Lease Obligations				88,847,157
Bond Anticipation Notes				525,000
Total School Corporation Indebtedness			\$	<u>96,532,157</u>
School Corporation Indebtedness to True Tax Value				8.87%
Total School Corporation Indebtedness Per Capita			\$	2,528

Ten Largest Taxpayers

<u>Name</u>	<u>2001 Assessed Valuation</u>	<u>% of 2001 Assessed Valuation</u>
Urschel Laboratories, Inc.	\$10,812,280	3.02%
McGill Manufacturing Co., Inc./ Emerson Power Transmission	6,875,080	1.92
Northern Indiana Public Service Co.	5,402,920	1.51
GTE North, Inc.	4,060,660	1.13
Wal-Mart Stores, Inc.	3,884,520	1.09
Aldi (Indiana) LP	3,474,920	.97
Pinnacle Bank Trust #70018	1,820,220	.51
Pedcor Investments	1,782,500	.50
Ugimag, Inc.	1,735,360	.48
Hunters Pointe LP	1,574,680	.44

TWIN LAKES SCHOOL CORPORATION, INDIANA

General

The Twin Lake School Corporation is organized under the provisions of I.C. 20-4 and was formed on January 1, 1963. Total land area of the School Corporation is approximately 159.5 square miles and includes parts of White and Carroll Counties. The majority of the School Corporation is located in White County and consists of Jackson, Lincoln, Union and parts of Cass and Liberty Townships, the Towns of Burnettsville and Yeoman, and the City of Monticello, the county seat of White County. In Carroll County, Adams and Jefferson Townships are included in the School Corporation. The 2000 population was 18,776. A seven member Board of School Trustees, elected to four-year staggered terms, governs the School Corporation. Administrative functions are carried out by a Superintendent of Schools, appointed by the Board. A central office staff complements the leadership of the Superintendent. The central office facilities are located in the City of Monticello. The grade structure consists of K-5, 6-8 and 9-12. The School Corporation, as of October, 2001, had a total staff of 334, including 175 certified personnel and 159 service personnel. In addition to the administration office, six school buildings are currently housing educational programs for the School Corporation.

The most recent audit by the State Board of Accounts was filed on February 6, 2001 for the period July 1, 1998 to June 30, 2000. The current audit period runs from July 1, 2000 to June 30, 2002. Copies of the most recent State Board of Accounts Audit and annual financial reports (Form 9) are available upon request to the Indiana Bond Bank.

Past (2001-2002) and projected (2003-2004) enrollments are:

2001 – 2,680 2002 – 2,700 2003 – 2,725 2004 – 2,750

Selected Statistical Information

<u>Tax Payment Year</u>	<u>Assessed Valuation(1)</u>	<u>Tax Collections</u>	<u>Total School Tax Rate(1)</u>	<u>State Aid</u>	<u>Total Debt Service</u>
1999	\$ 178,972,911	101.4%	\$ 4.9960	\$ 6,698,507	\$ 2,779,000
2000	179,352,372	99.9	5.3755	7,324,700	2,926,000
2001	188,830,992	101.0	5.2705	7,652,062	2,944,000
2002*	582,893,033	In Process	1.7580	9,299,363	2,979,300

- (1) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value. This has generally resulted in tax rates of approximately one-third of that used in prior years since the valuation basis is three times higher.

* Estimated

Unaudited Receipts & Disbursements

Calendar Year 2001

	General Fund	Debt Service Fund	Transportation Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:					
Property Taxes	\$ 5,003,761	\$ 2,635,498	\$ 1,025,067	\$ 1,534,362	\$ 18,481
Bank & Excise	665,647	350,484	136,321	204,049	2,456
State Grants	7,479,925	96,808	47,462	0	27,867
Miscellaneous	431,318	97,691	48,268	89,579	684
Total	<u>\$ 13,580,651</u>	<u>\$ 3,180,481</u>	<u>\$ 1,257,118</u>	<u>\$ 1,827,990</u>	<u>\$ 49,488</u>
Disbursements	<u>\$ 13,129,371</u>	<u>\$ 3,027,130</u>	<u>\$ 1,111,017</u>	<u>\$ 1,915,713</u>	<u>\$ 43,461</u>

Anticipated Receipts & Disbursements

Calendar Year 2002 Budget

	General Fund	Debt Service Fund	Transportation Fund*	Capital Projects Fund	Special Ed Pre-School
Receipts:					
Property Taxes	\$ 5,278,152	\$ 2,382,193	\$ 1,030,810	\$ 1,748,963	\$ 19,125
Bank & Excise	505,700	237,778	98,762	167,568	1,973
State Grants	7,813,455	98,840	44,446	0	27,867
Miscellaneous	227,292	0	0	0	0
Total	<u>\$ 13,824,599</u>	<u>\$ 2,718,811</u>	<u>\$ 1,174,018</u>	<u>\$ 1,916,531</u>	<u>\$ 48,965</u>
Disbursements	<u>\$ 13,751,863</u>	<u>\$ 3,086,701</u>	<u>\$ 1,003,318</u>	<u>\$ 2,362,659</u>	<u>\$ 48,174</u>

* Combined Operating and Bus Replacement

Year End Cash Balances

As of Dec. 31	General	Debt Service	Capital Projects	Trans.	All Other	Total
1999	\$ 289,029	\$ 1,680,895	\$ 1,306,498	\$ 191,858	\$ 615,858	\$ 4,084,138
2000	441,602	1,609,167	1,045,895	148,008	550,742	3,795,414
2001	901,619	1,762,517	958,172	294,109	835,241	4,751,658

Current School Corporation Indebtedness

General Obligation Bonds	–	Now Outstanding	\$	0
	–	This Issue		3,775,000
Veterans & Common School Loans				284,413
Lease Obligations				<u>22,873,302</u>
Total School Corporation Indebtedness			\$	<u>16,932,715</u>
School Corporation Indebtedness to True Tax Value				4.73%
Total School Corporation Indebtedness Per Capita			\$	1,434

Ten Largest Taxpayers

<u>Name</u>	<u>2003 Assessed Valuation</u>	<u>% of 2001 Assessed Valuation</u>
Ball Corporation	8,226,990	4.36%
HPA Monon	8,032,070	4.25
NIPSCO	5,952,900	3.15
McGill Manufacturing	4,899,960	2.59
Landis Plastics	3,469,050	1.84
Indiana Beach	2,936,230	1.55
WalMart	2,214,390	1.17
United Telephone	2,175,190	1.15
White County REMC	1,380,990	.73
Juanita Waugh	1,375,860	.73

CONCORD COMMUNITY SCHOOL CORPORATION, INDIANA

General

The Concord Community School Corporation is located in Elkhart County, Indiana and includes a major portion of Concord Township and certain sections of the City of Goshen and the City of Elkhart. Total land area is approximately 27 square miles and the 2000 population was 55,377. A five-member Board of School Trustees, elected to four-year terms, governs the School Corporation. Administrative functions are carried out by a Superintendent of Schools, appointed by the Board. A central office staff complements the leadership of the Superintendent. The Administration Office is located in Concord Township. The School Corporation, as of October 2001, had a total staff of 433.68 full-time equivalency (FTE), including a certified staff of 254.26 FTE, an administrative staff of 24.5 FTE and a non-certified staff of 154.92 FTE. In addition to the Administration Office, six school buildings are currently housing educational programs for the School Corporation including four elementary schools, one junior high school, and one high school.

The most recent audit by the State Board of Accounts was filed January 11, 2002 for the year ended June 30, 2001. The current audit period for the School Corporation began July 1, 2001 and will conclude June 30, 2002.

Past (2001-2002) and projected (2003-2004) enrollments are:

2001 – 4,296 2002 – 4,276 2003 – 4,570 2004 – 4,601

Selected Statistical Information

Tax Payment Year	Assessed Valuation(1)	Tax Collections	Total School Tax Rate(1)	State Aid	Total Debt Service
1999	\$ 262,386,680	100.61%	\$5.5552	\$12,432,471	\$ 5,385,973
2000	272,715,240	100.00	5.5545	13,308,887	5,471,268
2001	283,614,940	99.88	5.4467	14,075,133	5,853,596
2002*	851,702,890	In Process	1.8333	14,600,000	6,256,210

- (1) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value. This has generally resulted in tax rates of approximately one-third of that used in prior years since the valuation basis is three times higher.

* Estimated

Unaudited Receipts & Disbursements

Calendar Year 2001

	General Fund	Debt Service Fund	Transportation Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:					
Property Taxes	\$ 7,153,566	\$ 5,050,843	\$ 1,391,927	\$ 1,833,574	\$ 27,248
Bank & Excise	764,332	539,477	148,670	195,842	2,910
State Grants	13,121,264	157,540	61,999	0	114,430
Miscellaneous	1,042,518	259,909	82,548	91,986	1,366
Total	<u>\$ 22,081,680</u>	<u>\$ 6,007,769</u>	<u>\$ 1,685,144</u>	<u>\$ 2,121,402</u>	<u>\$ 145,954</u>
Disbursements	<u>\$ 22,821,200</u>	<u>\$ 5,850,213</u>	<u>\$ 1,681,008</u>	<u>\$ 2,471,961</u>	<u>\$ 130,000</u>

Anticipated Receipts & Disbursements

Calendar Year 2002 Budget

	General Fund	Debt Service Fund	Transportation Fund	Capital Projects Fund	Special Ed Pre-School	Bus Replacement Fund
Receipts:						
Property Taxes	\$ 7,526,793	\$5,158,937	\$ 1,290,647	\$ 2,532,038	\$ 28,276	\$ 185,160
Bank & Excise	744,629	510,377	127,684	250,495	2,797	18,318
State Grants	14,092,992	156,442	62,552	0	68,144	0
Miscellaneous	616,034	0	0	0	0	0
Total	<u>\$ 22,980,448</u>	<u>\$5,825,756</u>	<u>\$ 1,480,883</u>	<u>\$ 2,782,533</u>	<u>\$ 99,217</u>	<u>\$ 203,478</u>
Disbursements	<u>\$ 2,3000,000</u>	<u>\$6,256,210</u>	<u>\$ 1,700,000</u>	<u>\$ 2,800,000</u>	<u>\$ 132,000</u>	<u>\$ 260,000</u>

Year End Cash Balances

As of Dec. 31	General	Debt Service	Capital Projects	Trans.	All Other	Total
1999	\$ 524,776	\$ 310,868	\$ 1,207,312	\$ 322,422	\$ 1,130,908	\$ 3,496,286
2000	918,803	506,807	1,381,090	360,755	1,068,024	4,235,479
2001	153,379	664,363	1,030,532	364,891	984,479	3,197,644

Current School Corporation Indebtedness

General Obligation Bonds	–	Now Outstanding	\$	0
	–	This Issue		2,665,000
Veterans & Common School Loans				0
Lease Obligations				58,150,000
Total School Corporation Indebtedness			\$	<u>60,815,000</u>
School Corporation Indebtedness to True Tax Value				7.14%
Total School Corporation Indebtedness Per Capita			\$	1,098

Ten Largest Taxpayers

<u>Name</u>	<u>2004 Assessed Valuation</u>	<u>% of 2001 Assessed Valuation</u>
Elk Retail Investors, LLC	7,296,230	2.57%
Edward Rose of Indiana	6,142,370	2.17
E.R. Carpenter Company, Inc.	5,364,170	1.89
Gunit Corporation	4,829,460	1.70
Bayer Corporation	4,702,460	1.66
Meijer, Inc	4,689,480	1.65
Tenneco Automotive/Walker Manufacturing	4,439,090	1.57
Elkhart Market Centre, L.P.	3,944,500	1.39
Verizon	3,751,970	1.32
Godfrey Conveyor	3,541,790	1.25

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY

General

The Metropolitan School District of Southwest Allen County is organized under the provisions of I.C. 20-4 and was formed on October 1, 1967. Total land area of the School Corporation is approximately 67.5 square miles entirely in Allen County. The School Corporation consists of all of Aboite and Lafayette Townships and a small portion of the City of Fort Wayne, the county seat of Allen County. The 2000 population was 31,045. A five member Board of School Trustees, elected to four-year staggered terms, governs the School Corporation. Administrative functions are carried out by a Superintendent of Schools appointed by the Board. A central office staff complements the leadership of the Superintendent. The central office facilities are located in the City of Fort Wayne. The grade structure consists of K-5, 6-8 and 9-12. The School Corporation, as of October, 2001, had a total staff of 769, including 418 certified personnel and 351 service personnel. In addition to the administration office, nine school buildings are currently housing educational programs for the School Corporation.

The most recent audit by the State Board of Accounts was filed on March 1, 2000 for the period July 1, 1997 to June 30, 1999. The current audit period runs from July 1, 2001 to June 30, 2003. Copies of the most recent State Board of Accounts Audit and annual financial reports (Form 9) are available upon request to the Indiana Bond Bank.

Past (2001-2002) and projected (2003-2004) enrollments are:

2001 – 5,869 2002 – 5,937 2003 – 5,986 2004 – 6,046

Selected Statistical Information

Tax Payment Year	Assessed Valuation(1)	Tax Collections	Total School Tax Rate	State Aid	Total Debt Service
1999	\$ 480,700,499	102.05%	\$6.3221	\$ 10,373,007	\$11,574,153
2000	492,649,630	99.34	6.1829	12,508,087	9,568,161
2001	512,335,847	101.68	6.0445	13,521,411	10,153,753
2002*	1,601,578,199	In Process	2.1082	13,574,606	10,127,171

- (1) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value that was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value. This has generally resulted in tax rates of approximately one-third of that used in prior years since the valuation basis is three times higher.

* Estimated

Unaudited Receipts & Disbursements

Calendar Year 2001

	General Fund	Debt Service Fund	Transportation Fund	Capital Projects Fund	Special Ed Pre-School
Receipts:					
Property Taxes	\$ 16,146,955	\$ 8,289,934	\$ 1,577,447	\$ 4,917,801	\$ 52,095
Bank & Excise	1,826,986	937,985	178,484	556,437	5,894
State Grants	13,173,255	208,864	107,406	0	85,081
Miscellaneous	1,267,236	0	13,916	26,476	14,230
Total	<u>\$ 32,414,432</u>	<u>\$ 9,436,782</u>	<u>\$ 1,877,253</u>	<u>\$ 5,500,714</u>	<u>\$ 157,300</u>
Disbursements	<u>\$ 31,784,558</u>	<u>\$ 9,252,967</u>	<u>\$ 1,583,023</u>	<u>\$ 4,000,854</u>	<u>\$ 196,432</u>

Anticipated Receipts & Disbursements

Calendar Year 2002 Budget

	General Fund	Debt Service Fund	Capital Projects Fund	Transportation Fund	Bus Replacement Fund	Special Ed Pre-School
Receipts:						
Property Taxes	\$16,553,912	\$ 9,439,702	\$ 5,748,064	\$1,628,805	\$ 341,136	\$ 52,852
Bank & Excise	1,571,824	897,317	545,799	154,658	32,391	5,018
State Grants	13,810,042	215,392	0	110,240	0	125,898
Miscellaneous	1,072,500	0	0	15,000	0	0
Total	<u>\$33,008,278</u>	<u>\$10,552,411</u>	<u>\$ 6,293,863</u>	<u>\$1,908,703</u>	<u>\$ 373,527</u>	<u>\$ 183,768</u>
Disbursements	<u>\$33,487,939</u>	<u>\$10,880,616</u>	<u>\$ 5,856,650</u>	<u>\$2,036,474</u>	<u>\$ 380,050</u>	<u>\$ 172,450</u>

Year End Cash Balances

As of Dec. 31	General	Debt Service	Capital Projects	Trans.	All Other	Total
1999	\$ 1,263,616	\$ 359,312	\$ 1,032,659	\$ 528,359	N/A	\$ 3,183,946
2000	1,111,220	325,794	2,585,325	408,328	N/A	4,430,667
2001	1,727,550	509,609	4,083,634	689,195	\$ 6,776,122	13,786,110

Current School Corporation Indebtedness

General Obligation Bonds	–	Now Outstanding	\$	1,595,000
	–	This Issue		4,125,000
Veterans & Common School Loans				0
Lease Obligations				<u>74,980,000</u>
Total School Corporation Indebtedness			\$	<u>80,700,000</u>
School Corporation Indebtedness to True Tax Value				5.04%
Total School Corporation Indebtedness Per Capita			\$	2,599.45

Ten Largest Taxpayers

<u>Name</u>	<u>2001 Assessed Valuation</u>	<u>% of 2001 Assessed Valuation</u>
General Motors Corporation	86,603,150	16.9%
I.O.M. Health Systems	12,955,800	2.5
GTE North	7,858,480	1.5
Lincoln Foodservice	5,733,530	1.1
Utility Center, Inc.	4,043,350	0.8
Sommerfield Nicholas	2,858,330	0.6
NIPSCO	2,352,690	0.5
Central Fine Pak, Inc.	1,877,980	0.4
Indiana Michigan Power	1,644,910	0.3
Norfolk	744,610	0.1

APPENDIX B

DEFINITIONS

APPENDIX B

The following are definitions of certain of the terms used in this Official Statement and defined in the Indenture:

“Accounts” means the accounts created under the Indenture.

“Act” means the provisions of Indiana Code 5-1.5, as from time to time amended.

“Authorized Officer” means the Chairman, Vice Chairman or Executive Director of the Bond Bank or such other person or persons who are duly authorized to act on behalf of the Bond Bank.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended from time to time.

“Bond Bank” means the Indiana Bond Bank, a body corporate and politic, not a state agency, but an independent public instrumentality of the State exercising essential public functions, or any successor to its functions.

“Bondholder” or “holder of Bonds” or “owner of Bonds” or any similar term means the registered owner of any Bond.

“Bond Insurance Policy” means the financial guaranty insurance policy issued by the Bond Insurer pursuant to its commitment to issue a financial guaranty insurance policy dated May 16, 2002.

“Bond Insurer” means MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York.

“Bond Issuance Expense Account” means the account by that name created under the Indenture.

“Bonds” means the Bond Bank’s Taxable School Severance Funding Bonds, Series 1 and any Refunding Bonds.

“Cash Flow Certificate” means a certificate prepared by an accountant or firm of accountants in accordance with the Indenture concerning anticipated Revenues and payments.

“Clearing Agency” means initially The Depository Trust Company, and its successors and assigns, including any surviving, resulting or transferee corporation, or any successor corporation that may be appointed in a manner consistent with the Indenture and will include any direct or indirect participants of The Depository Trust Company.

“Code” means the Internal Revenue Code of 1986 in effect on the date of issuance of the Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Bond Bank and related to the authorization, sale and issuance of Bonds, which items of expense will include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, underwriter’s discounts, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds, bond or reserve fund insurance premiums, credit enhancements (including Credit Facilities) or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and approved by the Bond Bank.

“Credit Facility” means any letter of credit, revolving credit agreement, surety bond, insurance policy or other agreement or instrument.

“Credit Provider” means the issuer of any Credit Facility and its successor in such capacity and their assigns. To qualify under the Indenture, the Credit Provider providing such Credit Facility will be either:

(i) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a rating category that is at least as high as the rating assigned to the Bonds by the rating agency or agencies rating the Bonds; or

(ii) a bank or trust company which at the time of issuance of such Credit Facility has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a rating category that is at least as high as the rating assigned to the Bonds by the rating agency or agencies rating the Bonds.

“Default” means an event or condition, the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default under the Indenture.

“Event of Default” means any occurrence of an event specified in the Indenture.

“Fees and Charges” means fees and charges established by the Bond Bank from time to time pursuant to the Act which are payable by the Qualified Entities.

“Fiscal Year” means the twelve month period from July 1 through the following June 30.

“Funds” means the funds created under the Indenture.

“General Account” means the account by that name created under the Indenture.

“General Fund” means the fund by that name created under the Indenture.

“Governmental Obligations” means (a) direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of Treasury of the United States of

America or (b) senior debt obligations of other government sponsored agencies approved by the Bond Insurer.

“Indenture” means the Trust Indenture, dated as of April 15, 2002 between the Bond Bank and the Trustee, and all supplements and amendments entered into thereunder.

“Interest Payment Date” means any date on which interest is payable on the Bonds.

“Investment Earnings” means earnings and profits (after consideration of any accrued interest paid and/or amortization of premiums or discount on the investment) on the moneys in the Funds and Accounts established under the Indenture, except the Rebate Fund.

“Investment Securities” means any of the following: (a) Governmental Obligations; (b) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank; Farm Credit System Financial Assurance Corporation; Rural Economic Community Development Administration (formerly the Farmers Home Administration); General Services Administration; United States Maritime Administration; Small Business Administration; Government National Mortgage Association (“GNMA”); United States Department of Housing and Urban Development (“PHAs”); Federal Housing Administration; and Federal Financing Bank; (c) direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by the Federal National Mortgage Association (“FNMA”) or Federal Home Loan Mortgage Corporation (“FHLMC”); obligations of the Resolution Funding Corporation (“REFCORP”); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other government sponsored agencies approved by the Bond Insurer; (d) United States dollar denominated accounts, federal funds and bankers’ acceptances with domestic commercial banks, which have a rating on their short term certificates of deposit on the date of purchase of “AA-” or “A-1+” by S&P and maturing no more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (e) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase; (f) investments in a money market fund rated “AAAm-G,” “AAA-m,” “AA-m” or better by S&P; (g) “Pre-refunded Municipal Obligations” defined as follows: any obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state, which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in one of the two highest rating categories of S&P or any successors thereto; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Governmental Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the obligations described in this clause (B) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; (h)

municipal obligations rated “Aaa/AAA” or general obligations of states with a rating of at least “AA-” or higher by S&P; (i) investment agreements with a provider with a rating of at least “AA-” approved in writing by the Bond Insurer, supported by appropriate opinions of counsel; and (j) other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

“Opinion of Bond Counsel” means an Opinion of Counsel by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law and which is acceptable to the Bond Bank and the Trustee.

“Opinion of Counsel” means a written opinion of Counsel addressed to the Trustee, for the benefit of the owners of the Bonds, who may (except as otherwise expressly provided in the Indenture) be Counsel to the Bond Bank or Counsel to the owners of the Bonds and who is acceptable to the Trustee.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, including Bonds held by the Bond Bank, except:

- (i) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (ii) Bonds deemed paid under the Indenture; and
- (iii) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

“Principal Payment Date” means the maturity date or the mandatory sinking fund redemption date of any Bond.

“Program” means the program for purchasing Qualified Obligations by the Bond Bank pursuant to the Act.

“Program Expenses” means all of the fees and expenses of the Trustee and costs of determining the amount rebatable, if any, to the United States of America under the Indenture, all to the extent properly allocable to the Program.

“Purchase Agreement” means a Qualified Entity Purchase Agreement between the Bond Bank and a Qualified Entity, pursuant to which one or more Qualified Obligations are sold to the Bond Bank.

“Qualified Entity” means an entity defined in I.C. 5-1.5-1-8, as amended from time to time, which is a school corporation.

“Qualified Obligation” means a Security (as that term is defined in the Act), which has been acquired by the Bond Bank pursuant to the Indenture and is a general obligation of a Qualified Entity.

“Qualified Obligation Interest Payment” means that portion of a Qualified Obligation Payment which represents the interest due or to become due on a Qualified Obligation held by the Trustee pursuant to the Indenture.

“Qualified Obligation Payment” means the amounts paid or required to be paid, from time to time, for the principal of and interest on a Qualified Obligation held by the Trustee pursuant to the Indenture.

“Qualified Obligation Principal Payment” means that portion of a Qualified Obligation Payment which represents the principal due or to become due on a Qualified Obligation held by the Trustee pursuant to the Indenture.

“Rating Agency” or “Rating Agencies” means at any particular time Fitch, Moody’s or S&P, if at such time such entity has assigned a rating to the Bonds. If either such corporation ceases to act as a securities rating agency, the Bond Bank may appoint any other nationally recognized securities rating agency as a replacement.

“Rating Reserve Fund” means the fund by that name created under the Indenture.

“Rating Reserve Requirement” means \$225,000, with respect to the Bonds and, with respect to any Additional Bonds, the amount set forth in any supplemental indenture authorizing such obligation.

“Record Date” means, with respect to any Interest Payment Date, the last day of the month next preceding such Interest Payment Date.

“Redemption Account” means the account by that name created under the Indenture.

“Redemption Price” means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption prior to maturity.

“Refunding Bonds” means Bonds issued pursuant to the Indenture and any Supplemental Indenture.

“Revenues” means the Funds and Accounts and all income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture including, without limitation, all Qualified Obligation Payments.

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, or any successor thereto.

“Series of Bonds” or “Bonds of a Series” or “Series” or words of similar meaning means any Series of Bonds authorized by the Indenture or by a Supplemental Indenture.

“State” means the State of Indiana.

“Supplemental Indenture” means an indenture supplemental to or amendatory of the Indenture, executed by the Bond Bank and the Trustee in accordance with the Indenture.

“Surety Bond” means the surety bond issued by the Bond Insurer guarantying certain payments into the Rating Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein.

“Trustee” means Fifth Third Bank, Indiana, a state banking association organized and existing under the laws of the State of Indiana, with its principal corporate trust office in Indianapolis, Indiana, or any successor thereto.

“Trust Estate” means the property, rights, and amounts pledged and assigned to the Trustee pursuant to the granting clause of the Indenture.

APPENDIX C
FORM OF BOND COUNSEL OPINION

Upon delivery of the Bonds, Ice Miller, bond counsel,
proposes to deliver an opinion in substantially the following form:

_____, 2002

City Securities Corporation,
as representative of the purchasers
Indianapolis, IN

Indiana Bond Bank
Indianapolis, Indiana

Re: Indiana Bond Bank Taxable School Severance Funding Bonds, Series 1
("Bonds"); Total Issue: \$57,260,000

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Bond Bank ("Issuer") of its Bonds, dated _____, 2002, in the aggregate principal amount of \$57,260,000 pursuant to a Trust Indenture, dated as of April 15, 2002 ("Indenture"), between the Issuer and Fifth Third Bank, Indiana, as Trustee, Registrar and Paying Agent. We have examined the law and the certified transcript of proceedings of the Issuer had relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and other certificates of public officials and we have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their respective terms and are payable from and secured only by the Trust Estate (as defined in the Indenture).
2. The Indenture is a valid and binding agreement of the Bond Bank, enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create of the Trust Estate, subject to application to the purposes and on the conditions permitted by the Indenture.

3. Under statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion relates only to the exemption of interest on the Bonds from State income taxes.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statements or any other offering material relating to the Bonds, and we express no opinion relating thereto.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof and of the Indenture may be subject to the valid exercise of the constitutional powers of the State and the United States of America. It is to be further understood that the rights of the owners of the Bonds and the enforceability thereof and of the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

APPENDIX D

SPECIMEN BOND INSURANCE POLICY



FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

APPENDIX E

SUMMARY OF CERTAIN LEGAL DOCUMENTS

E-1 Summary of Certain Provisions of the Indenture

E-2 Form of Qualified Entity Purchase Agreement

APPENDIX E-1

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain additional provisions of the Indenture not otherwise discussed in this Official Statement. This summary is qualified in its entirety by reference to the Indenture. Capitalized terms in this summary not defined in this Official Statement shall have the meanings set forth in the Indenture.

Revenues, Funds And Accounts

A. Creation of Funds and Accounts.

The Indenture establishes the following Funds and Accounts to be held by the Trustee:

1. General Fund-comprised of the following:

- (a) General Account
- (b) Redemption Account
- (c) Bond Issuance Expense Account

2. Rating Reserve Fund

B. Deposit of Net Proceeds of Bonds, Revenues and Other Receipts.

The Trustee will deposit the proceeds (net of underwriter's discount) from the sale of the Bonds, as follows:

- (a) Into the Bond Issuance Expense Account an amount sufficient to pay the Costs of Issuance (other than underwriter's discount and the bond insurance premium and the Surety Bond premium paid by the Underwriter directly to the Bond Insurer); and
- (b) Into the General Account, the remainder of the net proceeds, a portion of which will be used in purchasing Qualified Obligations, and the remaining portion for paying a portion of the interest on the Bonds on January 15, 2003.

The Trustee will deposit all Revenues and all other receipts (except the proceeds of the Bonds and moneys received upon the sale or optional redemption prior to maturity of Qualified Obligations) into the General Account.

The Trustee will deposit the proceeds of any Refunding Bonds in the manner provided in the Supplemental Indenture authorizing the issuance thereof.

Operation Of Funds And Accounts

A. General Fund.

1. General Account. The Trustee will make the following payments from the General Account on the specified dates, and, in the event of insufficient funds to make all of such required payments, with the following order of priority:
 - (a) On the date of initial delivery of the Bonds, to purchase the Qualified Obligations upon the submission of requisitions of the Bond Bank signed by an Authorized Officer stating that all requirements with respect to such financing set forth in the Indenture have been or will be complied with;
 - (b) On or before 10:00 A.M. in the city in which the Trustee is located on the business day next preceding each Interest Payment Date, such amount as will be necessary to pay the principal and interest coming due on the Bonds on such Interest Payment Date;
 - (c) Upon receipt, any delinquent payments received from Southwest Allen County School to the Rating Reserve Fund to be applied to the Surety Bond as described in the Indenture;
 - (d) As necessary, to the Bond Bank amounts to pay Program Expenses, but only to the extent contemplated in the most recent Cash Flow Certificate;
 - (e) After making such deposits and disbursements, the Trustee will retain such remaining amounts in the General Account to be used from time to time for the purposes set forth in paragraphs (b) and (c) above. Upon final maturity of the Bonds, any money remaining in the General Account which is not needed to pay any of the costs set forth in paragraph (b) and (c) above in connection with the final maturity of the Bonds will be transferred within thirty (30) days after such final maturity to the Qualified Entities. However, the Bond Bank must supply the Trustee with a Cash Flow Certificate to the effect that, after such transfer, Revenues expected to be received and money expected to be held in the Funds and Accounts will at least equal debt service on all Outstanding Bonds.
2. Redemption Account. The Trustee will deposit in the Redemption Account all money received from the sale or optional mandatory redemption prior to maturity of Qualified Obligations and all other money required to be deposited therein pursuant to the provisions of the Indenture, and will invest such funds pursuant to the Indenture, and will disburse the funds in the Redemption Account as follows:
 - (a) On the fifteenth day of each month, to the General Account an amount equal to the principal which would have been payable during the following month if such Qualified Obligations had not been sold or redeemed.
 - (b) On the second business day prior to each Interest Payment Date, if moneys in the General Account are not sufficient to make the payments of principal and interest

required to be made on such date, to the General Account such amounts as are not already committed to the redemption of Bonds for which notice of redemption has already been given.

- (c) After provision has been made for the required transfers to the General Account, (i) to redeem Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank, if such Bonds are then subject to redemption, or (ii) to purchase Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds are then subject to redemption and not in excess of the applicable redemption price for such Bonds. The Trustee will pay the interest accrued on the Bonds so purchased to the date of delivery from the General Account and the balance of the purchase price from the Redemption Account, but no such purchase will be made by the Trustee within the period of forty-five (45) days next preceding an interest payment date or a date on which such Bonds are subject to redemption under the provisions of the Indenture.

In the event the Trustee is unable to purchase Bonds in accordance with subparagraph (c), then, subject to restrictions on redemption set forth in the Indenture (see "The Bonds - Optional Redemption"), the Trustee will call for redemption on the next ensuing redemption date such amount of the Bonds of such maturity or maturities as directed by an Authorized Officer as, at the Redemption Price thereof, will exhaust the Redemption Account as nearly as may be possible. Such redemption will be made pursuant to the Indenture. The Trustee will pay the interest accrued on the Bonds so redeemed to the date of redemption from the General Account and will pay the Redemption Price from the Redemption Account.

- 3. Bond Issuance Expense Account. The Trustee will deposit in the Bond Issuance Expense Account the money required to be deposited by the Indenture, will invest such funds pursuant to the Indenture and will disburse the funds held in the Bond Issuance Expense Account upon receipt of acceptable invoices or requisitions, to pay the Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs. The Trustee will transfer any funds remaining in the Bond Issuance Expense Account to the General Account on July 1, 2002.
- 4. Rating Reserve Fund. The Trustee will maintain the Rating Reserve Fund established under the Indenture into which will be deposited certain moneys or the Surety Bond, and will invest such funds pursuant to the Indenture, and will disburse the funds in the Rating Reserve Fund as follows:
 - (a) The Trustee will deposit in the Rating Reserve Fund all moneys required to be deposited therein pursuant to the Indenture, the Purchase Agreement with Southwest Allen County School or as set forth in any Supplemental Indenture. The Trustee will transfer funds held in the Rating Reserve Fund to the General Account only to the extent there has been a default in the payment of the

Southwest Allen Qualified Obligations, and if moneys in the General Account are insufficient to pay principal of and interest on the Bonds after all the transfers thereto required to be made under the Indenture (from the Redemption Account) have been made.

- (b) In computing the amount in the Rating Reserve Fund and compliance with the Rating Reserve Requirement, obligations purchased as an investment of moneys held in such Fund shall be valued at their amortized costs.
- (c) The Bond Bank may satisfy all or any part of its obligation to maintain an amount in the Rating Reserve Fund at least equal to the Rating Reserve Requirement by depositing a Surety Bond in the Rating Reserve Fund.
- (d) As long as the Surety Bond shall be in full force and effect, the Bond Bank, the Trustee and the Paying Agent, if appropriate, agree to comply with the following provisions:

Any deficiency in the balance maintained in the Rating Reserve Fund shall be made up solely from the payment of delinquent payments on the Southwest Allen Qualified Obligations. To the extent cash is held in the Rating Reserve Fund, the cash shall be completely drawn down before any demand is made on the Surety Bond. If moneys in the Rating Reserve Fund (whether cash or funds provided under the Surety Bond) are transferred to the General Account to pay principal and interest on the Bonds, then such depletion of the balance in the Rating Reserve Fund shall be made up from the payment of delinquent payments on the Southwest Allen Qualified Obligations.

B. Amounts Remaining in Funds.

Any amounts remaining in any Fund or Account after full payment of all of the Bonds outstanding under the Indenture and the fees, charges and expenses of the Trustee will be distributed to the Qualified Entities, unless otherwise provided for in the Indenture.

C. Investment of Funds.

Any money held as a part of any Fund or Account under the Indenture will be invested and reinvested at all times as continuously as reasonably possible by the Trustee in such Investment Securities as may be directed by the Bond Bank; provided, however, in the absence of such direction, the Trustee will select Investment Securities at its discretion. All such investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments will be deposited in the General Account. The Trustee will not be liable for any investment losses. Moneys in any Funds or Accounts will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of the Investment Security) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash sufficient amounts of such Investment Securities in a respective Fund or Account as may be necessary to make up a deficiency in any amounts required to be distributed from such Fund or Account.

In computing the amount in any Fund or Account held under the provisions of the Indenture, except the Rating Reserve Fund, Investment Securities shall be valued at the amortized cost thereof (including in such cost accrued interest paid). Securities covered by a repurchase agreement shall be valued at the market value of the collateral securing the repurchase agreement. In computing the amount in the Rating Reserve Fund and compliance with the Rating Reserve Requirement, Investment Securities held in such Fund shall be valued at their amortized costs, including interest accrued to the date of valuation. The Rating Reserve Fund shall be valued on such basis annually on the last day of each Fiscal Year.

Bond Bank Covenants

The Bond Bank covenants and agrees that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all of its related proceedings. The Bond Bank covenants and agrees: that it is duly authorized under the constitution and laws of the State, including particularly the Act, to issue the Bonds, to execute the Indenture and to pledge the Revenues and all other property pledged under the Indenture in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken; and that the Bonds in the hands of their owners are and will be valid and enforceable limited obligations of the Bond Bank according to the terms of the Bonds and the Indenture.

The Bond Bank covenants and agrees that the Trustee may defend its rights to the payment of the Revenues for the benefit of the owners of the Bonds against the claims and demands of all persons whomsoever. The Bond Bank covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such supplemental indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned by the Indenture and the amounts and other property pledged under the Indenture to the payment of the principal of and interest on the Bonds.

In order to provide for the payment of the principal of, premium, if any, and interest on the Bonds and Program Expenses, the Bond Bank will from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Indenture and sound banking practices and principles, (i) do all such acts and things as are necessary to receive and collect the Revenues (including enforcement of the prompt collection of all arrears on Qualified Obligations), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect its rights with respect to or to maintain any insurance on Qualified Obligations and to enforce all terms, covenants and conditions of Qualified Obligations including the collection, custody and prompt application of all escrow payments required by the terms of a Qualified Obligation for the purposes for which they were made. Whenever necessary in order to provide for the payment of the Bonds, the Bond Bank will commence appropriate remedies with respect to any Qualified Obligation which is in default.

With respect to the Qualified Obligations purchased by the Bond Bank, the Bond Bank covenants as follows:

- (a) The Bond Bank will not permit or agree to any material change in the Qualified Obligations (other than one for which consent by the Bond Bank is not required) unless the Bond Bank supplies the Trustee and S&P with a Cash Flow Certificate, to the effect that, after such change, Revenues expected to be received in each Fiscal Year and other available money in Funds and Accounts, will at least equal the debt service on all Outstanding Bonds in each such Fiscal Year.
- (b) Only to the extent that such action would not adversely affect the validity of the Qualified Obligations or other obligations of the Qualified Entity, the Bond Bank will pursue the remedy set forth in the Act, including particularly I.C. 5-1.5-8-5, for the collection of deficiencies in Qualified Obligation Payments on any Qualified Obligation by collection of such deficiencies out of certain State funds payable but not yet paid to a defaulting Qualified Entity.
- (c) The Bond Bank will also enforce or authorize the enforcement of all remedies available to owners or holders of Qualified Obligations, unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that if such remedies are not enforced, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal the debt service due on all Outstanding Bonds in each such Fiscal Year; provided, however, that decisions as to the enforcement of remedies will be within the sole discretion of the Trustee.
- (d) The Bond Bank will not sell or dispose of any Qualified Obligations unless the Bond Bank provides the Trustee with a Cash Flow Certificate, to the effect that after such sale, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, minus any proceeds of such sale to be transferred from any Fund or Account, will at least equal the debt service due on all Outstanding Bonds in each such Fiscal Year. Proceeds of such sales will be invested only in Government Obligations or in Qualified Obligations or disbursed as provided in the Indenture.

Cash Flow Certificates and Verifications

At any time that the provisions of the Indenture require that a Cash Flow Certificate be prepared, such certificate will set forth:

- (e) the Revenues expected to be received on all Qualified Obligations purchased with proceeds of the Bonds or with Revenues expected to be available for the purpose of financing additional Qualified Obligations;
- (f) all other Revenues, including the interest to be earned and other income to be derived from the investment of the Funds and Accounts and the rate or yields used in estimating such amounts;

- (g) all money expected to be in the Funds and Accounts;
- (h) the amount, if any, expected to be withdrawn from the Debt Service Reserve Fund, but only if the amount on deposit in the Debt Service Reserve Fund is expected to at least equal the Reserve Requirement immediately after such withdrawal and such withdrawal is permitted by the Indenture;
- (i) the debt service due on all Bonds expected to be Outstanding during each Fiscal Year; and
- (j) the amount, if any, of Program Expenses expected to be paid from the Revenues.

In making any Cash Flow Certificate, the accountant or firm of accountants may contemplate the payment or redemption of Bonds for the payment or redemption of which amounts have been set aside in the Redemption Account. The issuance of Bonds, the making of transfers from one Fund to another and the deposit of amounts in any Fund from any other source may be contemplated in a Cash Flow Certificate only to the extent that such issuance, deposit or transfer has occurred prior to or will occur substantially simultaneously with the delivery of such Cash Flow Certificate. The accountant or firm of accountants must also supply supporting schedules appropriate to show the sources and applications of funds used, identifying particularly amounts to be transferred between Funds, amounts to be applied to the redemption or payment of Bonds and amounts to be used to provide for Costs of Issuance, the capitalized interest, if any, for the respective Series. In the case of each annual Cash Flow Certificate, the amounts of existing Qualified Obligations, existing Investment Securities and existing cash will be the amounts as of the last day of the preceding Fiscal Year. In the case of any other Cash Flow Certificate such amounts will be the amounts as of the last day of the month preceding the month in which the Cash Flow Certificate is delivered but will be adjusted to give effect to scheduled payments of principal of and interest on Qualified Obligations, actual payments or proceeds with respect to Investment Securities and actual expenditures of cash expected by the Bond Bank through the end of the then current month.

The Bond Bank and/or the Trustee from time to time may cause a firm of independent certified public accountants of national standing or other nationally recognized experts to supply the Bond Bank and the Trustee with such information as the Bond Bank or the Trustee may request in order to determine in a manner reasonably satisfactory to the Bond Bank and the Trustee all matters relating to the sufficiency of projected cash flow receipts and disbursements with respect to the Funds and Accounts to pay the principal of and interest on the Bonds and Program Expenses.

Accounts and Reports

The Bond Bank will keep proper books of record and accounts in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture. Such books and all other books and papers of the Bond Bank and all Funds and Accounts will, at all reasonable times, be subject to the inspection of the Trustee and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Before the twentieth day of each month, the Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the first day of that month and the total deposits to and withdrawals from each Fund and Account during the preceding month. The Bond Bank may provide for less frequent statements so long as such statements are supplied no less frequently than quarterly.

Covenant to Monitor Investments

The Bond Bank covenants and agrees to regularly review the investments held by the Trustee in the Funds and Accounts under the Indenture in order to assure that the Revenues derived from such investments are sufficient to provide, together with other anticipated Revenues, for the payment of the debt service on Outstanding Bonds.

Limitation on Additional Bonds

The only additional Bonds that may be issued under the Indenture are Refunding Bonds issued solely to refund all or any part of the outstanding Bonds.

The Indenture creates a continuing pledge and lien to secure the full and final payment of the principal of, redemption premium, if any, and interest on all Bonds and authorizes the issuance of one or more Series of Bonds under separate Supplemental Indentures. The Indenture establishes the requirements for each Supplemental Indenture and provides that no Series of Bonds will be issued under a Supplemental Indenture unless certain conditions are met, including the receipt by the Trustee of a Cash Flow Certificate to the effect that, immediately after the issuance of such Bonds, Revenues in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal the debt service on all Bonds in each such Fiscal Year, including such Bonds. Such certificate will not be required in the case of Refunding Bonds if the debt service in each Fiscal Year on all Bonds after the issuance of such Refunding Bonds will be equal to or less than such debt service for each Fiscal Year on all Bonds Outstanding before the issuance of the Refunding Bonds.

Discharge of Indenture

If payment or provision for payment is made to the Trustee of the principal of, and interest on, the Bonds due and to become due under the Indenture, and if the Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions. In the event of any early redemption of Bonds in accordance with their terms, the Trustee must receive irrevocable instructions from the Bond Bank, satisfactory to the Trustee, to call such Bonds for redemption at a specified date and pursuant to the Indenture. Outstanding Bonds will be payable only out of the money or securities held by the Trustee for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

Any Bond or Series of Bonds or portion thereof will be deemed to be paid when (a) payment of the principal of that Bond or Series of Bonds, plus interest to its due date, either (i) has been made in accordance with its terms or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (A) moneys (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized by Governmental Obligations) sufficient to make such payment, (B) Governmental Obligations maturing as to

principal and interest in such amounts and at such times, without consideration of any reinvestments thereof, as will insure the availability of sufficient money to make such payments, or (C) a combination of such money and Governmental Obligations, and (b) all necessary and proper fees and expenses of the Trustee pertaining to the Bonds.

Defaults and Remedies

D. Events of Default.

Any of the following events constitutes an “Event of Default” under the Indenture:

- (a) Default in the due and punctual payment of any interest on any Bond;
- (b) Default in the due and punctual payment of the principal of any Bond, whether at stated maturity or on any date fixed for redemption;
- (c) Failure of the Bond Bank to remit any moneys required by the Indenture to the Trustee within the time limits prescribed in the Indenture;
- (d) Default in the performance or observance of any other covenants, agreements or conditions on the part of the Bond Bank contained in the Indenture or in the Bonds and failure to remedy the same within 60 days after receipt of notice, all in accordance with the Indenture;
- (e) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is found to be false or misleading in any material respect when made and there has been a failure to remedy the same within 60 days after receipt of notice, all in accordance with the Indenture;
- (f) A petition is filed against the Bond Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days after such filing;
- (g) The Bond Bank files a voluntary petition in bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;
- (h) The Bond Bank is generally not paying its debts as such become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than 60 days;

- (i) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason.

E. Trustee's Rights and Remedies.

No default described under subparagraphs (d) or (e) above will constitute an Event of Default until actual notice of the default by registered or certified mail has been given to the Bond Bank by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Bonds then Outstanding and the Bond Bank has had 60 days after receipt of the notice to correct such default within the applicable period. If such default is correctable but cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Bond Bank within the applicable period and diligently pursued until the default is corrected.

Upon the occurrence of an Event of Default, the Trustee will notify the Bond Insurer and the owners of all Bonds then Outstanding of such Event of Default by registered or certified mail, and upon receiving the express written consent of the Bond Insurer with respect to exercising any such remedies in connection with the Bonds if the Bond Insurance Policy is in full force and effect at such time, will have the following rights and remedies:

- (a) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on Outstanding Bonds, including enforcement of any rights of the Bond Bank or the Trustee under the Qualified Obligations;
- (b) The Trustee may by action or suit in equity require the Bond Bank to account as if it were the trustee of an express trust for the owners of the Bonds and may take such action with respect to the Qualified Obligations as the Trustee deems necessary or appropriate and in the best interest of the Owners of Bonds, subject to the terms of those Qualified Obligations;
- (c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Owners of Bonds under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment will confer; provided, however, for so long as the Bond Insurance Policy is in full force and effect, any reorganization or liquidation plan with respect to the Bond Bank must be acceptable to the Bond Insurer, and in the event of any reorganization or liquidation, the Bond Insurer will have the right to vote on behalf of the holders of the Bonds; and
- (d) The Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act, by notice to the Bond Bank and the Attorney General of the State; provided, however, for so long as the Bond Insurance Policy is in full force and effect, the Trustee may, with the consent of the Bond Insurer, and will, at the

direction of the Bond Insurer or 25% of the holders of the Bonds with the consent of the Bond Insurer, by written notice to the Bond Bank, the Attorney General of the State and the Bond Insurer, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment will, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding.

If an Event of Default has occurred, if requested to do so in writing by the holders of 25% or more in aggregate principal amount of Outstanding Bonds and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such of the rights, remedies and powers conferred by the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the holders of the Bonds.

In the case of an Event of Default while the Bond Insurance Policy is in effect, the Bond Insurer shall be treated as the Owner of the Outstanding Bonds for the purposes of controlling and directing all remedies and the Trustee shall be entitled to rely upon such directions.

The Owners of a majority in aggregate principal amount of Bonds then Outstanding will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default and for so long as the Bond Insurance Policy remains in full force and effect, the Bond Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the holders of the Bonds under the Indenture, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in the Indenture; and (ii) the right to annul any declaration of acceleration. The Bond Insurer will also be entitled to approve all waivers of Events of Default.

F. Waivers of Events of Default.

At its discretion, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (i) more than 66 2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists or (ii) more than 50% in aggregate principal amount of all Bonds then Outstanding in the case of any other Event of Default. However, there may not be waived (A) any Event of Default in the payment of the principal of any Outstanding Bond at the specified date of maturity or (B) any Event of Default in the payment when due of the interest on any Outstanding Bond unless, prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of

Default has been discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the owners of Bonds will be restored to their former respective positions and rights under the Indenture. No waiver will extend to any subsequent or other Event of Default or impair any rights consequent thereon. Notwithstanding the foregoing, for so long as the Bond Insurance Policy remains in full force and effect, the Bond Insurer will control all proceedings and the exercise of all rights or remedies with respect to the Bonds.

G. Rights and Remedies of Owners of Bonds.

No owner of any Bond will have any right to institute any proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless (i) an Event of Default has occurred, (ii) the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) such owners of Bonds have offered to indemnify the Trustee, as provided in the Indenture, and (iv) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal and ratable benefit of the owners of all Outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner expressed in the Bonds. Notwithstanding the foregoing, for so long as the Bond Insurance Policy remains in full force and effect, the Bond Insurer will control all proceedings and the exercise of all rights or remedies with respect to the Bonds.

Nonpresentment of Bonds

If any Bond issued under the Indenture is not presented for payment when the principal becomes due, either at maturity, or at the date fixed for redemption, or as set forth in any Supplemental Indenture regarding deemed tenders or redemptions or otherwise, and if funds sufficient to pay such Bond have been made available to the Trustee for the benefit of the owner thereof, all liability of the Bond Bank to the owner thereof for the payment of such Bond will forthwith cease, terminate and be completely discharged, and thereupon it will be the duty of the Trustee to hold such funds uninvested for five (5) years, for the benefit of the owner of such Bond, without liability for interest thereon to such owner, who will thereafter be restricted exclusively to such funds, for any claim of whatever nature on its part under the Indenture or on, or with respect to, such Bond.

Any money so deposited with and held by the Trustee in trust for the payment of the principal of and interest on the Bonds and remaining unclaimed by any Bondholder for five (5) years after the due date of such principal or interest, will be applied by the Trustee in accordance with the Unclaimed Property Act, I.C. 32-9-1.5, as amended from time to time. Prior to the transfer of any such moneys to the Attorney General of the State in accordance with the

Unclaimed Property Act, the Trustee will conduct searches in an effort to locate lost Bondholders using reasonable care to ascertain the correct addresses of all lost Bondholders in accordance with the rules governing registered transfer agents promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1934, as amended, but only if and so long as the Trustee is a registered transfer agent under those rules. Upon the transfer of such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Bond Bank and the Trustee will have no further responsibility or liability with respect to such moneys, and the Bondholders entitled to such principal or interest will look only to the State for payment, to the extent provided by law, and then only to the extent of the amounts so received by the State, without any interest thereon.

Other Obligations Payable from Revenues

The Bond Bank will grant no liens or encumbrances on or security interests in the Trust Estate (other than those created by the Indenture), and, except for the Bonds, will issue no bonds or other evidences of indebtedness payable from the Trust Estate.

Limitations on Obligations of Bond Bank

The Bonds, together with interest thereon, are limited obligations of the Bond Bank payable solely from the Revenues of the Bond Bank and will be a valid claim of the respective owners thereof only against the Funds and Accounts, established under the Indenture and the Qualified Obligations acquired by the Trustee, all of which are assigned and pledged for the equal and ratable payment of such Bonds and will be used for no other purpose than the payment of the Bonds, except as may be otherwise expressly authorized in the Indenture. The Bonds do not constitute a debt, or liability of the State, or of any political subdivision thereof, but will be payable solely from the Revenues and funds pledged therefor in accordance with the Indenture. The issuance of the Bonds under the provisions of the Act does not directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment and such Bonds and the interest payable thereon do not now and will never constitute a debt of the State or any political subdivision thereof within the meaning of the constitution of the State or the statutes of the State and such Bonds do not now and will never constitute a charge against the credit or taxing power of the State or any political subdivision thereof. Neither the State nor any agent, attorney, member or employee of the State or of the Bond Bank, will in any event be liable for the payment of the principal of, and premium, if any, or interest on the Bonds or damages, if any, for the nonperformance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bond Bank. No breach by the Bond Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any of the State's or the Bond Bank's agents, members, attorneys and employees or any charge upon the general credit of the State, nor any political subdivision thereof.

Immunity of Officers and Directors

No recourse will be had for the payment of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained against any past, present or future officer, member, director, agent or employee of the Bond Bank, or any officer, member,

director, trustee, agent or employee of any successor entities thereto, as such, either directly or through the Bond Bank, or any successor entities, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, directors, trustees, agents, or employees as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and issuance of such Bonds.

Supplemental Indentures

The Bond Bank and the Trustee may with notice to the Bond Insurer for so long as the Bond Insurance Policy remains in full force and effect, but, without the consent of, or notice to, any of the Bondholders, enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgement of the Trustee, does not materially and adversely affect the interest of the owners of Outstanding Bonds and does not require unanimous consent of the Bondholders pursuant to the Indenture;
- (c) To subject to the Indenture additional Revenues, properties or collateral;
- (d) To modify, amend or supplement the Indenture or any indenture supplemental thereto in order to permit qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar federal statute;
- (e) To evidence the appointment of a separate or co-trustee or the succession of a new Trustee under the Indenture or the succession of a new registrar and/or paying agent;
- (f) In connection with the issuance of Refunding Bonds;
- (g) To provide for the refunding of all or a portion of the Bonds issued under the Indenture; and
- (h) To amend the Indenture to permit the Bond Bank to comply with any future federal tax law or any covenants contained in any Supplemental Indenture with respect to compliance with future federal tax law.

With the exception of Supplemental Indentures for the purposes described in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding which are affected (other than Bonds held by the Bond Bank) have the right, from time to time, to consent to and approve the execution by the Bond Bank and the Trustee of any other indenture or indentures supplemental thereto as are deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture. However, no Supplemental Indenture may permit or be construed as permitting, without the consent of the owners of all then Outstanding Bonds, (i) an extension of the maturity dates of the principal of or the interest or redemption date on, any Bonds, or (ii) a reduction in the principal amount of any Bond or a change in the redemption premium or the rate of interest on any Bond, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) the creation of any lien securing any Bonds, other than a lien ratably securing all of the Bonds at any time Outstanding, or (vi) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee, or a reduction in the Rating Reserve Requirement.

Trustee

By executing the Indenture, the Trustee accepts the trusts and duties imposed upon it by the Indenture, and agrees to perform such trusts and duties with the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs, but only upon and subject to the express terms and conditions of the Indenture.

The Trustee covenants and agrees to retain or cause its agent to retain possession of each Qualified Obligation and a copy of the transcript or documents related thereto and release them only in accordance with the provisions of the Indenture. The Bond Bank and the Trustee covenant and agree that all books and documents in their possession relating to the Qualified Obligations will at all times be open to inspection by such accountants or other agencies or persons as the Bond Bank or the Trustee may from time to time designate.

The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 30 days' written notice by registered or certified mail to the Bond Bank, the owner of each Bond as shown by the list of Bondholders required by the Indenture to be kept at the office of the Trustee, and, for so long as the Bond Insurance Policy remains in full force and effect, the Bond Insurer. Such resignation will take effect upon the appointment of a successor Trustee and acceptance of such appointment by the successor Trustee. Notwithstanding any other provision of the Indenture and for so long as the Bond Insurance Policy remains in full force and effect, no resignation or termination of the Trustee will take effect until a successor Trustee, acceptable to the Bond Insurer, is appointed.

The Trustee may be removed at any time with or without cause by instrument or concurrent instruments in writing delivered to the Trustee and to the Bond Bank and signed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding or their

attorneys-in-fact duly authorized, but only with the express written consent of the Bond Insurer for so long as the Bond Insurance Policy remains in full force and effect. Notice of the removal of the Trustee will be given as described in the paragraph above. So long as no Event of Default, or an event which with the passage of time would become an Event of Default, has occurred and is continuing, the Trustee may be removed at any time for cause by resolution of the Bond Bank filed with the Trustee. For so long as the Bond Insurance Policy remains in full force and effect, the Trustee may be removed at any time, at the request of the Bond Insurer, for any breach of the trust set forth in the Indenture. Notwithstanding any other provision of the Indenture and for so long as the Bond Insurance Policy remains in full force and effect, no removal or termination of the Trustee will take effect until a successor Trustee, acceptable to the Bond Insurer, is appointed.

In case the Trustee resigns or is removed, or is dissolved, or is in course of dissolution or liquidation, or otherwise becomes incapable of acting under the Indenture, or in case it is taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding under the Indenture by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys-in-fact duly authorized, a copy of which will be delivered personally or sent by registered mail to the Bond Bank. Nevertheless, in case of such vacancy, the Bond Bank by resolution may appoint a temporary Trustee to fill such vacancy. Within ninety days after such appointment, the Bondholders may appoint a successor Trustee, and any such temporary Trustee so appointed by the Bond Bank will become the successor Trustee if no appointment is made by the Bondholders within such period, but in the event an appointment is made by the Bondholders, such temporary Trustee will immediately and without further act be superseded by any Trustee so appointed by such Bondholders. Notice of the appointment of a temporary or successor Trustee will be given in the same manner provided above with respect to the resignation of a Trustee. Every such Trustee so appointed will be a trust company or bank having its principal place of business in the State, will be duly authorized to exercise trust powers, will be subject to examination by federal or state authority, will have a reported capital and surplus of not less than \$75,000,000, and, for so long as the Bond Insurance Policy remains in full force and effect, will be acceptable to the Bond Insurer, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

APPENDIX E-2

FORM OF QUALIFIED ENTITY PURCHASE AGREEMENT

FORM OF QUALIFIED ENTITY PURCHASE AGREEMENT

The following is a form of the Qualified Entity Purchase Agreements:

THIS PURCHASE AGREEMENT, dated the ____ day of _____, 2002 ("Purchase Agreement"), between the Indiana Bond Bank, a public body corporate and politic ("Bond Bank"), created pursuant to the provisions of Indiana Code 5-1.5-1 et seq. ("Act"), having its principal place of business in the City of Indianapolis, Indiana, and the _____, a municipal corporation organized and existing under the laws of the State of Indiana ("Qualified Entity"),

WITNESSETH:

WHEREAS, the Bond Bank has adopted a resolution authorizing, pursuant to a Trust Indenture dated as of April 15, 2002 between the Bond Bank and Fifth Third Bank, Indiana, as trustee ("Indenture"), the issuance of its bonds designated "Indiana Bond Bank Taxable School Severance Funding Bonds, Series 1" (the "Bonds"); and

WHEREAS, pursuant to the Act, the Bond Bank is authorized to purchase securities (as defined in the Act, the "Securities") issued by qualified entities (as defined in the Act); and

WHEREAS, the Qualified Entity has adopted a bond resolution ("Resolution") duly authorizing the issuance of its bonds designated "General Obligation Pension Bonds" in the original aggregate principal amount of \$_____ ("Qualified Obligations"), and the Qualified Obligations are Securities to be purchased by the Bond Bank from proceeds of the Bonds in accordance with this Purchase Agreement;

NOW, THEREFORE, THE BOND BANK AND THE QUALIFIED ENTITY AGREE:

1. The Bond Bank hereby agrees to purchase the Qualified Obligations and the Qualified Entity hereby agrees to sell to the Bond Bank the Qualified Obligations concurrently with the issuance by the Bond Bank of its Bonds at a price of \$_____, which includes no accrued interest. The Qualified Obligations shall mature and bear interest and be subject to the terms as set forth on the attached Exhibit A. Except as hereinafter set forth in this Purchase Agreement, the other terms of the Qualified Obligations are set forth in the Resolution, a true and correct copy of which is incorporated herein by reference. The Secretary of the Qualified Entity shall serve as registrar and paying agent for the Qualified Obligations.

2. The Qualified Entity has taken all proceedings required by law to enable it to issue its Qualified Obligations to be purchased by the Bond Bank.

3. Simultaneously with the delivery to the Bond Bank of the Qualified Obligations, which Qualified Obligations shall be substantially in the form set forth in the Resolution and registered in the name of the Bond Bank, the Qualified Entity shall furnish to the Bond Bank a

transcript of proceedings and the opinion of _____, bond counsel, as to, among other things, the validity of the Qualified Obligations.

4. The Qualified Entity and the Bond Bank agree that the Qualified Obligations and the payments to be made thereon may be pledged or assigned by the Bond Bank under and pursuant to the Indenture.

5. The Qualified Entity agrees to furnish to the Bond Bank as long as any of the Qualified Obligations remain outstanding annual financial reports, audit reports and such other financial information as is reasonably requested by the Bond Bank.

6. If the Bond Bank determines to sell all or part of the Qualified Obligations, it agrees to pay or reimburse the Qualified Entity for all costs associated therewith including the printing of bonds, obtaining ratings therefor and providing services of a registrar and paying agent therefor.

7. If the Bond Bank and its underwriters do not deliver the Bonds and receive payment therefor on or before _____, 2002, the Qualified Entity may rescind this Purchase Agreement by giving written notice of such rescission to the Executive Director of the Bond Bank. The Bond Bank is obligated to purchase the Qualified Obligations solely from the proceeds of the Bonds.

8. If the Qualified Entity fails to sell all the Qualified Obligations to the Bond Bank in accordance with paragraph 1 herein for any reason within the Qualified Entities' control, the Qualified Entities shall on demand and to the extent permitted by law, pay to the Bond Bank an amount equal to all costs, expenses (including attorney's fees) and consequential damages occasioned by the failure of the Qualified Entities to sell their Qualified Obligations in accordance with paragraph 1 herein.

9. On or prior to the delivery date of the Bonds, an authorized officer of the Qualified Entity will deliver a certificate to the effect that the statements made in the Official Statement of the Bond Bank pertaining to the Qualified Entity and the Qualified Obligations, as of the date of the Official Statement, did not contain any untrue statement of a material fact omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in financial condition and affairs of the Qualified Entity during the period from the date of the Official Statement to the date of delivery of the Bonds, which was not disclosed in or contemplated by the Official Statement. The portion of the Official Statement summarizing the Qualified Entity and the Qualified Obligations is deemed final by the Qualified Entity for the purposes of Rule 15c2-12 of the Securities and Exchange Commission, as of this date.

10. This Purchase Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. The Bond Bank and the Qualified Entity agree that they will execute any and all documents or other instruments, and take such other actions as may be necessary to give effect to the terms of this Purchase Agreement.

11. No waiver by either the Bond Bank or the Qualified Entity of any term or condition of this Purchase Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Purchase Agreement.

12. In the event the Qualified Entity or any entity on behalf of the Qualified Entity adopts an ordinance or resolution to refund all or a portion of the Qualified Obligations, the Qualified Entity shall within five days of the adoption of the ordinance or resolution, provide notice to the Bond Bank of the refunding; provided, however, the Qualified Entity agrees not to issue any obligations or allow any obligations to be issued for or on behalf of the Qualified Entity, the proceeds of which will be used in whole or in part to refund all or any portion of the Qualified Obligations unless the Qualified Entity provides the bank with a Cash Flow Certificate (as defined in the Indenture) which shows that such refunding will not have an adverse effect on the Bond Bank's ability to pay debt service on the Bonds.

13. If any provision of this Purchase Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Purchase Agreement and this Purchase Agreement shall be construed and be in force as if such invalid or unenforceable provision had not been contained herein.

14. This Purchase Agreement merges and supersedes all prior negotiations, representations, and agreements between the Bank Bond and the Qualified Entity relating to the subject matter hereof and constitutes the entire agreement between the Bond Bank and the Qualified Entity in respect hereof.

IN WITNESS WHEREOF, we have hereunto set our hands as of the day and year first above written.

INDIANA BOND BANK

(SEAL)

By: _____
Executive Director

[QUALIFIED ENTITY]

By: _____

By: _____
President, School Board

ATTEST:

By: _____
Secretary

EXHIBIT A

_____, Indiana
General Obligation Pension Bonds

Principal Amount: \$ _____
Original Date: _____, 200__
Interest Payable:
Maturity and Interest Rates: January and July 5, commencing July 5, 2003 On the
dates, in the years and amounts, and at the interest
rates as follows:

Year

Amount

Interest Rate

Mandatory Sinking Fund Redemption